

# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## GENERAL INFORMATION

### NATURE OF BUSINESS

Cape Agulhas Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Cape Agulhas Municipality includes the following areas:

*Bredasdorp  
Napier  
Struisbaai  
L'Agulhas  
Arniston  
Suiderstrand  
Protem  
Klipdale*

### MEMBERS OF THE COUNCIL

Executive Mayor	<i>RG Mitchell</i>
Executive Deputy Mayor	<i>D Jantjies</i>
Speaker	<i>EC Marthinus (Ms)</i>
Councillor - Full time	<i>M Smal (Ms)</i>
Councillor - Part time	<i>J October</i>
Councillor - Part time	<i>JGA Niewoudt</i>
Councillor - Part time	<i>MR Dennis</i>
Councillor - Part time	<i>JA Coetzee</i>
Councillor - Part time	<i>JC Lochner</i>
Councillor - Part time	<i>E Thiel (Ms)</i>

### MUNICIPAL MANAGER

*Mr R Stevens*

### CHIEF FINANCIAL OFFICER

*Mr H Schlebusch*

### REGISTERED OFFICE

*PO Box 51, Bredasdorp, 7280*

### AUDITORS

*Office of the Auditor General (WC)*

### PRINCIPLE BANKERS

*ABSA, Bredasdorp*

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

### ATTORNEYS

*Luttig & Son*

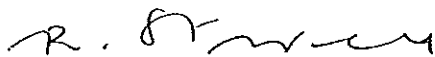
# CAPE AGULHAS LOCAL MUNICIPALITY

## MEMBERS OF THE CAPE AGULHAS LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr J October
2	Mrs M Smal (Member of Executive Mayoral Committee)
3	Mr D Jantjies (Executive Deputy Mayor)
4	Mr JGA Niewoudt)
5	Mr MR Dennis
Proportional	Mr RG Mitchell (Executive Mayor)
Proportional	Mrs EC Marthinus (Speaker)
Proportional	Mr JA Coetzee
Proportional	Mr JC Lochner
Proportional	Mrs E Thiel

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 59 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

  
\_\_\_\_\_  
Mr R Stevens  
Municipal Manager

31-08-2010  
Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>241 708 429</b>	<b>234 664 583</b>
Capital Replacement Reserve	2	55 000 000	60 000 000
Housing Development fund	2	1 337 286	1 337 286
Valuation Roll Reserve	2	500 000	-
Accumulated Surplus		184 871 143	173 327 297
<b>Non-Current Liabilities</b>		<b>19 612 098</b>	<b>19 806 767</b>
Long-term Liabilities	3	1 316 620	2 308 522
Employee benefits	4	18 295 478	17 498 245
<b>Current Liabilities</b>		<b>27 815 075</b>	<b>20 559 801</b>
Consumer Deposits	5	2 636 951	2 390 948
Current Employee benefits	6	3 647 773	2 633 216
Trade and other payables	7	8 529 677	8 457 112
Unspent Conditional Government Grants and Receipts	8	11 160 799	5 540 129
Unspent Public Contributions	9	5 000	-
Taxes	10	855 741	306 730
Current Portion of Long-term Liabilities	3	979 134	1 231 666
<b>Total Net Assets and Liabilities</b>		<b>289 135 601</b>	<b>275 031 152</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>211 591 562</b>	<b>193 878 858</b>
Property, Plant and Equipment	11	175 281 729	158 381 030
Investment Property	13	35 822 083	34 923 693
Intangible Assets	14	36 094	-
Long-Term Receivables	15	451 655	574 135
<b>Current Assets</b>		<b>77 544 040</b>	<b>81 152 294</b>
Inventory	16	1 182 537	1 097 650
Trade Receivables from exchange transactions	17	5 526 471	6 765 889
Other Receivables from non-exchange transactions	18	1 320 809	2 444 627
Unpaid Conditional Government Grants and Receipts	8	1 786 213	-
Operating Lease Asset	19.1	14 421	37 244
Current Portion of Long-term Receivables	15	5 380	5 120
Cash and Cash Equivalents	20	67 708 209	70 801 765
<b>Total Assets</b>		<b>289 135 601</b>	<b>275 031 152</b>

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 (Actual) R	2009 (Restated) R	Adjustments R	2009 (Previously reported) R
<b>REVENUE</b>					
Revenue from Non-exchange Transactions		69 814 346	46 242 669	262 307	45 980 362
Taxation Revenue		26 316 236	22 853 798	-	22 853 798
Property taxes	21	26 316 236	22 853 798	-	22 853 798
Transfer Revenue		42 979 085	21 557 490	40 000	21 517 490
Government Grants and Subsidies - Capital	22	6 100 297	3 920 121	-	3 920 121
Government Grants and Subsidies - Operating	22	35 658 788	17 597 369	-	17 597 369
Public Contributions and Donations		1 220 000	40 000	40 000	-
Other Revenue		519 025	1 831 382	222 307	1 609 075
Actuarial Gains		-	222 307	222 307	-
Fines		519 025	1 609 075	-	1 609 075
Revenue from Exchange Transactions		76 721 567	72 498 653	(3 460 247)	75 958 900
Service Charges	23	62 667 063	55 469 764	(3 460 247)	58 930 011
Rental of Facilities and Equipment		4 541 010	4 141 424	-	4 141 424
Interest Earned - external investments		5 032 534	8 376 260	-	8 376 260
Interest Earned - outstanding debtors		508 609	542 221	-	542 221
Licences and Permits		965 182	664 329	-	664 329
Agency Services		961 735	877 803	-	877 803
Other Income	24	2 045 434	2 426 851	-	2 426 851
<b>Total Revenue</b>		<b>146 535 913</b>	<b>118 741 322</b>	<b>(3 197 940)</b>	<b>121 939 262</b>
<b>EXPENDITURE</b>					
Employee related costs	26	48 465 500	39 823 594	2 014 794	37 808 800
Remuneration of Councillors	27	2 776 078	2 625 633	-	2 625 633
Debt Impairment	28	2 703 990	2 047 297	-	2 047 297
Depreciation and Amortisation		5 594 115	4 880 614	-	4 880 614
Repairs and Maintenance		7 326 328	6 755 917	-	6 755 917
Finance Charges	29	458 763	593 337	-	593 337
Bulk Purchases	30	24 947 778	20 298 010	-	20 298 010
Contracted services		658 722	883 044	883 044	-
Other Operating Grant Expenditure		23 813 163	6 970 210	6 147 334	822 876
General Expenses	31	22 448 874	21 590 531	(10 486 905)	32 077 436
<b>Total Expenditure</b>		<b>139 193 311</b>	<b>106 468 187</b>	<b>(1 441 733)</b>	<b>107 909 920</b>
Operating Surplus for the Year		7 342 602	12 273 135	(1 756 207)	14 029 342
Gain/(Loss) on disposal of Property, Plant and Equipment		(298 756)	492 955	-	492 955
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>7 043 845</b>	<b>12 766 090</b>	<b>(1 756 207)</b>	<b>14 522 297</b>

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Valuation Roll Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R	R	R
Balance at 1 JULY 2008	-	1 325 717	-	235 076 882	236 402 599
Correction of error - See Note 33.3	-	-	-	1 831 391	1 831 391
Change in accounting policy - See Note 32.06	-	-	-	(16 335 496)	(16 335 496)
Restated Balance at 1 JULY 2008	-	1 325 717	-	220 572 776	221 898 493
Net Surplus/(Deficit) for the year	-	-	-	12 766 090	12 766 090
Transfer from CRR	-	-	60 000 000	(60 000 000)	-
Transfer to Housing Development Fund	-	11 569	-	(11 569)	-
Balance at 30 JUNE 2009	-	1 337 286	60 000 000	173 327 297	234 664 583
Net Surplus/(Deficit) for the year	-	-	-	7 043 845	7 043 845
Transfer to CRR	-	-	11 226 001	(11 226 001)	-
Property, Plant and Equipment purchased	-	-	(16 226 001)	16 226 001	-
Transfer to Valuation Roll Reserve	500 000	-	-	(500 000)	-
Balance at 30 JUNE 2010	500 000	1 337 286	55 000 000	184 871 143	241 708 428

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		145 186 486	107 267 185
Cash paid to suppliers and employees		(128 758 155)	(92 895 928)
Cash generated by operations	34	16 428 330	14 371 257
Interest Received		5 541 143	8 918 482
Interest Paid		(458 763)	(593 337)
<b>Net Cash from Operating Activities</b>		<b>21 510 710</b>	<b>22 696 402</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(22 788 154)	(25 146 771)
Proceeds on Disposal of Fixed Assets		-	795 857
Increase in investment property (Public contribution)		(900 000)	(40 000)
Proceeds on Disposal of Investment Properties		-	78 032
Decrease in Long-term Receivables		122 220	-
Purchase of Intangible Assets		(39 900)	-
<b>Net Cash from Investing Activities</b>		<b>(23 605 834)</b>	<b>(24 312 882)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(1 244 435)	(959 492)
Increase in Consumer Deposits		246 003	87 511
<b>Net Cash absorbed from Financing Activities</b>		<b>(998 433)</b>	<b>(871 981)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3 093 556)</b>	<b>(2 488 462)</b>
Cash and Cash Equivalents at the beginning of the year		70 801 765	73 290 226
Cash and Cash Equivalents at the end of the year	35	67 708 209	70 801 765
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3 093 556)</b>	<b>(2 488 462)</b>

**ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE  
FINANCIAL STATEMENTS**

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**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IAS 12 (AC102)	Income Taxes



IAS 19 (AC116)	Employee Benefits
IAS 32 (AC125)	Financial Instruments: Presentation
IAS 39 (AC133)	Recognition and Measurement
SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories;  
 GRAP 13 – Leases;  
 GRAP 16 – Investment Property;  
 GRAP 17 – Property, Plant and Equipment;  
 GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets;  
 GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations;  
 GRAP 102 – Intangible Assets.

## 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

**1.6. FOREIGN CURRENCY TRANSACTIONS**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

**1.7. RESERVES**

**1.7.1 Housing Development Fund**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.7.2 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.7.3 Revaluation Reserve**

The surplus arising from the revaluation of game is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

**1.7.4 Valuation Reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve per year should be approximately 25% of the anticipated cost of the General Valuation.

**1.8. LEASES**

**1.8.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.8.2 Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as

interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **1.9. UNSPENT CONDITIONAL GRANTS**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.10. PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

#### **1.11. EMPLOYEE BENEFITS**

##### **(a) *Post Retirement Medical obligations***

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

##### **(b) *Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

#### **1.12. PROPERTY, PLANT AND EQUIPMENT**

##### **1.12.1 *Initial Recognition***

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it

to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### **1.12.2 Subsequent Measurement – Revaluation Model**

Subsequent to initial recognition, Land and Buildings are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### **1.12.3 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### **1.12.4 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	10-25	Buildings	100
Pedestrian Malls	20	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	5-15
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	100	Equipment	5-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	100	Landfill sites	20
Libraries	100	Quarries	25
Parks and gardens	15-20	Emergency equipment	5-15
Other assets	15-20	Computer equipment	5
<b><u>Heritage Assets and Land</u></b>			
Heritage Assets	50-Infinite		
Land	Infinite		
<b><u>Finance lease assets</u></b>			
Office equipment	3		
Other assets	5-6		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.12.5 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.13. INTANGIBLE ASSETS

#### 1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.13.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.13.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3

#### **1.13.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference



between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.14. INVESTMENT PROPERTY**

##### **1.14.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

##### **1.14.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

##### **1.14.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	100

##### **1.14.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between

the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.15. NON-CURRENT ASSETS HELD FOR SALE**

### **1.15.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### **1.15.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## **1.16. CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## **1.17. IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are

recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

## **1.18. INVENTORIES**

### **1.18.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.18.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

## **1.19. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

### **1.19.1 Initial Recognition**

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or

financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

#### **1.19.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

##### **1.19.2.1 Investments**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and is calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

##### **1.19.2.2 Trade and Other Receivables**

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.19.2.3    Trade Payables and Borrowings**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.19.2.4    Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.19.3    De-recognition of Financial Instruments**

**1.19.3.1    Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.19.3.2    Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.19.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **1.20. REVENUE**

#### **1.20.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.20.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.20.3 Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

#### **1.21. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor and Speaker. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### **1.22. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



**1.23. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.24. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.25. CONTINGENT LIABILITIES**

All known contingent liabilities are reflected in the financial statements.

**1.26. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

*Operating lease commitments – the Municipality as lessor*

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

*Pension and other post-employment benefits*

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

*Impairment of trade receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

*Property, plant and equipment*

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

*Provisions and contingent liabilities*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

*Revenue Recognition*

Accounting Policy 1.20.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.20.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.20 above). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.27. TAXES -- VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**1.28. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	56,837,286	61,337,28
Capital Replacement Reserve	55,000,000	60,000,00
Housing Development fund	1,337,286	1,337,28
Valuation Roll Reserve	500,000	
<b>Total Net Asset Reserve and Liabilities</b>	<b>56,837,286</b>	<b>61,337,28</b>
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	1,390,969	1,946,37
Capitalised Lease Liability - At amortised cost	904,785	1,593,81
	2,295,754	3,540,18
<b>Less:</b> Current Portion transferred to Current Liabilities	979,134	1,231,66
Annuity Loans - At amortised cost	390,235	542,64
Capitalised Lease Liability - At amortised cost	588,900	689,02
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>1,316,619</b>	<b>2,308,52</b>
Annuity loans at amortised cost is calculated at 15.00%-17.13% interest rate, with first maturity date of 31 December 2010 and last maturity date of 30 June 2017. The schedule of contractual maturity analysis for Annuity Loans:		
The obligations under annuity loans are scheduled below:		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	585,774	870,622
Payable within two to five years	1,042,587	1,389,866
Payable after five years	476,871	689,506
	2,105,232	2,949,993
<b>Less:</b> Future finance obligations	(714,263)	(1,003,618)
<b>Present value of annuity obligations</b>	<b>1,390,969</b>	<b>1,946,375</b>
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	668,617	851,017
Payable within two to five years	335,285	1,003,902
	1,003,902	1,854,919
<b>Less:</b> Future finance obligations	(99,117)	(261,106)
<b>Present value of lease obligations</b>	<b>904,785</b>	<b>1,593,813</b>
Leases are secured by property, plant and equipment - Note 12		
<b>4 EMPLOYEE BENEFITS</b>		
Post Retirement Benefits - Refer to Note 4.2	16,147,043	15,698,384
Long Service Awards - Refer to Note 4.3	2,148,435	1,799,861
<b>Total Non-current Employee Benefit Liabilities</b>	<b>18,295,478</b>	<b>17,498,245</b>
<b><u>Post Retirement Benefits</u></b>		
Balance 1 July	16,197,860	14,604,497
Contribution for the year	2,284,433	2,197,119
Expenditure for the year	(576,982)	(455,148)
Actuarial Loss/(Gain)	(1,201,300)	(148,608)
<b>Total post retirement benefits 30 June</b>	<b>16,704,011</b>	<b>16,197,860</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(556,968)	(499,476)
<b>Balance 30 June</b>	<b>16,147,043</b>	<b>15,698,384</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<u>Long Service Awards</u>		
Balance 1 July	1,930,123	1,730,99
Contribution for the year	404,374	385,78
Expenditure for the year	(130,262)	(112,96)
Actuarial Loss/(Gain)	83,934	(73,69)
Total long service 30 June	2,288,169	1,930,12
<u>Less:</u> Transfer of Current Portion - Note 6	(139,734)	(130,26)
Balance 30 June	2,148,435	1,799,86

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	18,127,983	16,335,49
Contribution for the year	2,688,807	2,582,90
Expenditure for the year	(707,244)	(568,11)
Actuarial Loss/(Gain)	(1,117,366)	(222,30)
Total employee benefits 30 June	18,992,180	18,127,98
<u>Less:</u> Transfer of Current Portion - Note 6	(696,702)	(629,73)
Balance 30 June	18,295,478	17,498,24

4.1 Post Retirement Benefits

Cape Joint Pension Fund

The fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9 % by employees and 18 % by the Municipality. In respect of the defined benefit section the last valuation was performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2008 - 106.5%). Actuarial valuations also determined that there was a funding shortfall in the investment return for the 30 June 2009 financial year. Refer to Current Employee Benefits - note 6.

Cape Retirement Fund

The fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by members( 9 %) and the Municipality (18%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).

Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by members (13,75%) and the Municipality(15%) is sufficient to fund the benefits accruing from the fund in the future.

4.2 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	86	86
Continuation members (e.g. Retirees, widows, orphans)	24	24
Total Members	110	110

The liability in respect of past service has been estimated to be as follows:

In-service members	7,624,519	7,393,487
Continuation members	9,079,492	8,804,373
Total Liability	16,704,011	16,197,860

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Hosmed  
Samwumed; and  
Keyhealth.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The Future-service Cost for the ensuing year is estimated to be R786 428, whereas the Interest- Cost for the next year is estimated to be R1 007 524.

Key actuarial assumptions used:

i) Rate of interest

	2010 %	2009 %
Discount rate	9.22%	9.09%
Health Care Cost Inflation Rate	7.27%	7.77%
Net Effective Discount Rate	1.82%	1.23%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	16,704,011	16,197,860
Net liability/(asset)	16,704,011	16,197,860

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	16,197,860	14,604,497
Total expenses	1,707,451	1,741,971
Current service cost	834,475	648,348
Interest Cost	1,449,958	1,548,771
Benefits Paid	(576,982)	(455,148)
Actuarial (gains)/losses	(1,201,300)	(148,608)
Present value of fund obligation at the end of the year	16,704,011	16,197,860
<u>Less:</u> Transfer of Current Portion - Note 6	(556,968)	(499,476)
Balance 30 June	16,147,043	15,698,384

4

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	7.625	9.079	16.704	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	9.569	10.223	19.792	18%
Health care Inflation	-1%	6.129	8.111	14.240	-15%
Post-retirement mortality	-1 year	7.884	9.362	17.246	3%
Average retirement age	-1 year	8.451	9.079	17.530	5%
Withdrawal Rate	-50%	8.661	9.079	17.740	6%

4.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 542 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R219 771, whereas the interest cost for the next year is estimated to be R373 035.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Key actuarial assumptions used:	2010 %	2009 %
i) Rate of interest		
Discount rate	9.17%	9.22%
General Salary Inflation (long-term)	6.56%	6.81%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	2.26%

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2,288,169	1,930,123
Net liability/(asset)	2,288,169	1,930,123

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1,930,123	1,730,999
Total expenses	274,112	272,823
Current service cost	232,206	201,997
Interest Cost	172,168	183,792
Benefits Paid	(130,262)	(112,966)
Actuarial (gains)/losses	83,934	(73,699)
Present value of fund obligation at the end of the year	2,288,169	1,930,123
<u>Less:</u> Transfer of Current Portion - Note 6	(139,734)	(130,262)
Balance 30 June	2,148,435	1,799,861

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.288	
General salary inflation	1%	2.485	9%
General salary inflation	-1%	2.114	-8%
Average retirement age	-2 yrs	2.047	-11%
Average retirement age	2 yrs	2.488	9%
Withdrawal rates	-50%	2.752	20%

5 CONSUMER DEPOSITS

Electricity	1,700,794	1,565,157
Water	936,156	825,791
Total Consumer Deposits	2,636,950	2,390,948
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	556,968	499,476
Current Portion of Long-Service Provisions - Note 4	139,734	130,262
Performance Bonuses	513,528	330,950
Staff Leave	2,164,782	1,672,527
Pension Fund Shortages	272,760	-
Total Current Employee Benefits	3,647,773	2,633,216

The movement in current employee benefits are reconciled as follows:

Performance Bonuses

Balance at beginning of year	330,950	-
Contribution to current portion	513,528	330,950
Expenditure incurred	(330,950)	-
Balance at end of year	513,528	330,950

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b><u>Staff Leave</u></b>		
Balance at beginning of year	1,672,527	705,600
Contribution to current portion	905,879	1,240,841
Expenditure incurred	(413,625)	(273,913)
Balance at end of year	<u>2,164,782</u>	<u>1,672,527</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Pension**

Balance at beginning of year	-	-
Contribution to current portion	272,760	-
Balance at end of year	<u>272,760</u>	<u>-</u>

The Council belongs to the Cape Joint Pension Fund. The conditions of the fund stipulate that any shortfall in the fund may be recovered from municipalities. The fund indicated that a shortfall arose and that the municipality is liable for this contribution.

**7 TRADE AND OTHER PAYABLES**

Trade Payables	5,314,309	4,523,051
Pre-Paid Electricity	71,744	53,259
Balance previously reported		-
Correction of error - Refer note 33.2		53,259
Debtors with credit balances	624,697	89,390
Sundry Creditors	370,708	423,209
Payments received in advance	151,931	700,833
Retentions	952,711	1,415,377
Sundry Deposits	1,043,579	1,251,992
Total Trade Payables	<u>8,529,677</u>	<u>8,457,112</u>

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

Sundry deposits include Hall, Builders and Housing Deposits.

**8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent Grants	11,160,799	5,540,129
National and Provincial Government Grants	10,958,889	5,540,129
Other Sources	201,910	-
<b><u>Less: Unpaid Grants</u></b>	<b><u>1,786,213</u></b>	<b><u>-</u></b>
National and Provincial Government Grants	1,786,213	-
Total Conditional Grants and Receipts	<u>9,374,586</u>	<u>5,540,129</u>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**9 UNSPENT PUBLIC CONTRIBUTIONS**

Soccer 2010	5,000	-
Total Unspent Public Contributions	<u>5,000</u>	<u>-</u>
Reconciliation of public contributions		
<b><u>Soccer 2010</u></b>		
Opening balance	-	-
Contributions received	5,000	-
Conditions met - Transferred to revenue	-	-
Closing balance	<u>5,000</u>	<u>-</u>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10	TAXES	2010 R	2009 R
	VAT Payable	1,866,233	306,730
	VAT Receivable	(1,010,493)	
		<u>855,741</u>	<u>306,730</u>

VAT is payable/receivable on the cash basis.



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 JULY 2009	51,943,196	83,923,358	3,813,088	2,392,541	16,308,846	158,381,030
Cost	61,607,917	105,884,750	4,096,110	3,620,434	20,486,363	195,695,573
Original Cost	59,025,424	110,423,243	5,677,709	3,620,434	16,948,764	195,695,573
Adjustment - Register	2,582,493	(4,538,492)	(1,581,599)	-	3,537,598	0
Accumulated Depreciation on 1 JULY 2009	(9,664,720)	(21,961,392)	(283,022)	(1,227,893)	(4,177,517)	(37,314,543)
Original Accumulated Depreciation	(9,663,106)	(22,052,756)	(598,675)	(1,227,893)	(3,772,114)	(37,314,543)
Adjustment - Register	(1,615)	91,364	315,654	-	(405,403)	-
Acquisitions	320,000	16,011,897	2,268,753	-	4,187,503	22,788,154
Depreciation	(185,237)	(4,011,759)	(83,975)	(311,800)	(995,928)	(5,588,699)
Carrying value of disposals/transfers/impairments	-	-	-	-	(298,755)	(298,756)
Cost	-	-	-	-	(605,256)	(605,256)
Accumulated Depreciation	-	-	-	-	306,501	306,501
Carrying value at 30 JUNE 2010	52,077,959	95,923,497	5,997,867	2,080,741	19,201,665	175,281,729
Cost	61,927,917	121,896,648	6,364,863	3,620,434	24,068,610	217,878,471
Original Cost	61,927,917	121,896,648	6,364,863	3,620,434	24,068,610	217,878,471
Accumulated Depreciation	(9,849,958)	(25,973,151)	(366,996)	(1,539,693)	(4,866,944)	(42,596,742)
Original Cost	(9,849,958)	(25,973,151)	(366,996)	(1,539,693)	(4,866,944)	(42,596,742)

30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 JULY 2008	82,175,839	71,612,916	4,857,291	2,434,472	12,320,950	173,301,468
Cost	91,697,166	90,166,891	5,321,363	3,292,104	15,417,247	205,894,770
Original Cost	89,678,883	90,166,891	5,321,363	3,292,104	15,403,691	203,862,931
Correction of error - Note 33.1	2,018,282	-	-	-	13,556	2,031,839
Accumulated Depreciation	(9,521,327)	(18,653,975)	(464,071)	(857,632)	(3,096,297)	(32,593,302)
Original Accumulated Depreciation	(8,890,904)	(18,739,919)	(453,649)	(896,488)	(3,461,433)	(32,442,393)
Correction of error - Note 33.1	(630,423)	85,944	(10,423)	38,857	365,136	(150,909)
Acquisitions	2,485,058	20,256,412	356,346	328,330	1,720,624	25,146,771
Transfers from/(to) Investment Properties - Note 13	(34,885,303)	-	-	-	-	(34,885,303)
Change in accounting policy - Refer note 32.04						
- Cost	(34,930,800)	-	-	-	-	(34,930,800)
- Accumulated Depreciation	45,497	-	-	-	-	45,497
Depreciation	(187,276)	(3,398,789)	(134,604)	(370,261)	(788,074)	(4,879,004)
Carrying value of disposals	(226,000)	(52)	-	-	(76,850)	(302,902)
Cost	(226,000)	(60)	-	-	(189,107)	(415,167)
Accumulated Depreciation	-	8	-	-	112,257	112,265
Carrying value at 30 JUNE 2009	49,362,318	88,370,487	5,079,034	2,392,541	13,176,650	158,381,030
Cost	59,025,424	110,423,243	5,677,709	3,620,434	16,948,764	195,695,573
Original Cost	59,025,424	110,423,243	5,677,709	3,620,434	16,948,764	195,695,573
Accumulated Depreciation	(9,663,106)	(22,052,756)	(598,675)	(1,227,893)	(3,772,114)	(37,314,543)
Original Cost	(9,663,106)	(22,052,756)	(598,675)	(1,227,893)	(3,772,114)	(37,314,543)

**11 PROPERTY, PLANT AND EQUIPMENT**

The leased property, plant and equipment is secured as set out in Note 3.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

**Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 49**

The Municipality has taken advantage of the transitional provisions set out in Directive 4. Provisional amounts are set at R0.00 as it might have an effect on other classes of assets. The Municipality is in the process of identifying and itemizing all infrastructure and community assets and other property, plant and equipment and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets and other property plant and equipment using global or other historical costs recorded in the accounting records.

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>13 INVESTMENT PROPERTY</b>		
Net Carrying amount at 1 July	34,923,693	
Acquisitions	900,000	40,00
Depreciation for the year	(1,610)	(1,61
Transfer from property, plant and equipment on 30 June 2008 - Refer note 32.05	-	34,885,30
Net Carrying amount at 30 June	<u>35,822,083</u>	<u>34,923,69</u>
Cost	35,825,303	34,925,30
Accumulated Depreciation	(3,220)	(1,61

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer below

**GRAP 16 - Investment Properties**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties;

The municipality is currently in a process of measuring all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

Land;	35,709,800	34,809,800
Buildings	112,283	113,890
Total not previously recognised now restated retrospectively	<u>35,822,083</u>	<u>34,923,690</u>

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Estimated Fair Value of Investment Property at 30 June	<u>35,822,083</u>	<u>34,923,693</u>
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**14 INTANGIBLE ASSETS**

**Computer Software**

Acquisitions	39,900	-
Amortisation	(3,806)	-
Net Carrying amount at 30 June	<u>36,094</u>	-
Cost	39,900	-
Accumulated Amortisation	(3,806)	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer below

**GRAP 102 - Intangible Assets**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;  
Intangible assets financed by way of finance leases;  
Intangible assets transferred as a result of the transfer of functions; and  
Servitudes.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
15	<b>LONG TERM RECEIVABLES</b>		
	Loans to organisations - at amortised cost	34,202	39,322
	Staff loans	-	3,688
	Individual housing loans	422,833	536,244
		457,035	579,254
	<u>Less:</u> Current portion transferred to current receivables	(5,380)	(5,120)
	Loans to organisations - at amortised cost	(5,380)	(5,120)
	Individual housing loans	-	-
		451,655	574,135
	<b>Total Long Term Receivables</b>	<b>451,655</b>	<b>574,135</b>
16	<b>INVENTORY</b>		
	Consumable Stores - Stationery and materials - At cost	1,182,537	1,097,650
	Water - At cost	-	-
	<b>Total Inventory</b>	<b>1,182,537</b>	<b>1,097,650</b>
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 49.2		
17	<b>TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	<i>Service Receivables</i>		
	Electricity	5,082,449	4,249,700
	Water	2,084,151	1,937,890
	Refuse	1,229,240	1,277,187
	Sewerage	741,740	643,036
	Other	1,082,698	1,394,817
	<b>Total Service Receivables</b>	<b>10,220,278</b>	<b>9,502,630</b>
	Less: Allowance for Doubtful Debts	(5,178,660)	(3,294,053)
	<b>Net Service Receivables</b>	<b>5,041,618</b>	<b>6,208,577</b>
	<i>Other Receivables</i>		
	Asset sales	484,853	482,656
	Housing Rentals	-	74,656
	<b>Total Other Receivables</b>	<b>484,853</b>	<b>557,312</b>
	Less: Allowance for Doubtful Debts	-	-
	<b>Net Other Receivables</b>	<b>484,853</b>	<b>557,312</b>
	<b>Total Net Receivables from Exchange Transactions</b>	<b>5,526,471</b>	<b>6,765,889</b>
	Included in the outstanding balances are consumer debtors to the value of R416 899, who have made arrangements to repay their outstanding debt over a re-negotiated period.		
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	3,425,551	2,932,875
	31 - 60 Days	691,074	557,932
	61 - 90 Days	108,234	105,729
	+ 90 Days	857,590	653,164
	<b>Total</b>	<b>5,082,449</b>	<b>4,249,700</b>
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	878,234	846,106
	31 - 60 Days	256,739	223,703
	61 - 90 Days	83,490	77,470
	+ 90 Days	865,687	790,611
	<b>Total</b>	<b>2,084,151</b>	<b>1,937,890</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	539,398	551,64
31 - 60 Days	113,005	146,42
61 - 90 Days	40,224	60,85
+ 90 Days	536,613	518,27
<b>Total</b>	<b>1,229,240</b>	<b>1,277,18</b>
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	270,724	250,261
31 - 60 Days	76,781	75,451
61 - 90 Days	76,889	30,401
+ 90 Days	317,346	286,901
<b>Total</b>	<b>741,740</b>	<b>643,031</b>
<u>(Other): Ageing</u>		
Current (0 - 30 days)	96,594	150,851
31 - 60 Days	88,765	145,291
61 - 90 Days	58,272	53,561
+ 90 Days	839,066	1,045,103
<b>Total</b>	<b>1,082,698</b>	<b>1,394,817</b>

18 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

<b>Service Receivables</b>		
Rates	2,671,690	2,067,867
Other Receivables	5,830	1,058,092
Development Fees	-	803,202
Staff	5,830	229,781
Other Arrears	-	25,109
Less: Allowance for Doubtful Debts	2,677,521 (1,356,712)	3,125,959 (681,332)
<b>Net Service Receivables</b>	<b>1,320,809</b>	<b>2,444,627</b>
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>1,320,809</b>	<b>2,444,627</b>

Ageing of Receivables from Non-Exchange Transactions

<u>(Rates): Ageing</u>		
Current (0 - 30 days)	1,432,935	1,216,909
31 - 60 Days	173,783	129,665
61 - 90 Days	55,919	39,961
+ 90 Days	1,009,054	681,332
<b>Total</b>	<b>2,671,690</b>	<b>2,067,867</b>

Debts are required to be settled after 30 days, Interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	3,975,385	2,010,549
Contributions to provision	2,703,990	2,047,297
Doubtful debts written off against provision	(144,003)	(82,461)
<b>Balance at end of year</b>	<b>6,535,371</b>	<b>3,975,385</b>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
19	<b>OPERATING LEASE ARRANGEMENTS</b>		
19.1	<b>The Municipality as Lessor</b>		
	Balance on 1 July	37,244	54,85
	Restated Balance on 1 July	37,244	54,85
	Operating Lease Asset for the current year	(22,822)	(17,611)
	Balance on 30 June	14,421	37,24
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	131,434	391,05
	1 to 5 Years	26,206	150,65
	More than 5 Years	11,828	18,81
	<b>Total Operating Lease Arrangements</b>	<b>169,467</b>	<b>560,51</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2019		
20	<b>CASH AND CASH EQUIVALENTS</b>		
	<u>Assets</u>		
	Primary Bank Account	67,702,707	70,796,763
	Cash Floats	5,002	5,002
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>67,708,209</b>	<b>70,801,765</b>
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	All Investments were withdrawn on 30 June. Cash and cash equivalents are held to fund the following commitments: Unspent Conditional Grants R11 160 799 (2009: R5 540 129), Capital Replacement Reserve R55 000 000 (2009: R60 000 000) and a guarantee at the bank for the building of a dam R7 000 (2009: R7 000).		
	Bank overdraft facilities of R2 000 000 exists at ABSA and ABSA also has one guarantee of R15 000 in the name of the beneficiary, Eskom.		
	The municipality has the following bank accounts:		
	<u>Current Accounts</u>		
	Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)	67,702,707	70,796,763
		67,702,707	70,796,763
	<i>Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)</i>		
	Cash book balance at beginning of year	70,796,763	73,285,224
	Cash book balance at end of year	67,702,707	70,796,763
	Bank statement balance at beginning of year	71,469,193	74,819,880
	Bank statement balance at end of year	67,541,994	71,469,193
21	<b>PROPERTY RATES</b>		
	<u>Actual</u>		
	Rateable Land and Buildings	29,820,784	25,627,844
	Residential, Commercial Property, State	29,820,784	25,627,844
	<u>Less:</u> Rebates	(3,504,549)	(2,774,046)
	<b>Total Assessment Rates</b>	<b>26,316,236</b>	<b>22,853,798</b>
	<u>Valuations - 1 JULY 2009</u>		
	Rateable Land and Buildings	4,279,353,200	3,008,779,183
	Residential	2,777,773,000	1,079,154,903
	Business & Commercial	175,176,400	293,528,500
	Public benefit Organizations	27,092,000	98,511,400
	State-owned	47,751,000	61,009,800
	Agricultural	1,052,232,800	1,328,379,440
	Other	199,328,000	148,197,140
	<b>Total Assessment Rates</b>	<b>4,279,353,200</b>	<b>3,008,779,183</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted.

Rebates on Income - Basic Rate:

Single Tariff

0.4010 c / R

0.3713 c / F

Agricultural Land receives a 75% rebate

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 22.1

Conditional Grants

MIG Funds

Library services

MSIG Funds

CDW

Integrated housing

Financial Management Grant

LGSETA

Department Housing and Consumer Programme

Flood damage

Masibambani DWAF

Feeding scheme

RDP Housing - Struisbaai 150 houses

Water Master Planning

RDP Housing Zwelitsha

Sport and Recreation

Main Roads: Subsidy

Napier RDP Houses Electricity

Masterplanning - IMQS

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

2010  
R

2009  
R

10,527,069

9,185,500

10,527,069

9,185,500

31,232,016

12,331,990

6,076,914

4,410,432

401,000

259,976

488,159

400,000

39,678

14,117

18,690,250

5,265,750

893,800

566,019

187,009

146,031

26,982

7,000

1,384,727

531,329

411,132

180,828

582,359

444,272

37,235

-

8,700

23,686

17,810

-

87,224

2,549

-

80,000

1,786,213

-

112,824

-

41,759,085

21,517,490

6,100,297

3,920,121

35,658,788

17,597,369

41,759,085

21,517,490

The municipality does not expect any significant changes to the level of grants.

22.1 Equitable share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

(See Appendix "F" for a reconciliation of all grants).

23 SERVICE CHARGES

Electricity

Water

Refuse removal

Sewerage and Sanitation Charges

Less: Rebates

Total Service Charges

42,970,212

36,976,040

12,462,476

11,135,584

7,332,384

6,672,525

4,386,242

4,142,142

67,151,314

58,926,291

(4,484,251)

(3,456,527)

62,667,063

55,469,764

24 OTHER INCOME

Other Income represents sundry income such as administration income, building plans and legal income.

Total Other Income

2,045,434

2,426,851

2,045,434

2,426,851

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

26

## EMPLOYEE RELATED COSTS

	2010 R	2009 R
Actuarial Gains	(1,201,300)	
Actuarial losses	83,934	
Contribution to provision - Long Service Awards - Note 4	274,112	272,821
Contribution to provision - Post Retirement Medical - Note 4	2,284,433	1,741,971
Employee related costs - Salaries and Wages	34,081,218	27,436,091
Group Life Insurance	451,128	357,341
Housing Subsidy	370,989	451,021
Leave Reserve Fund	905,879	1,229,450
Overtime	1,538,625	1,228,810
Employee related costs - Contributions for UIF, pensions and medical aids	6,484,195	4,855,921
Standby Allowances	509,294	396,921
Travel, motor car, telephone, assistance and other allowances	2,682,992	1,853,221
	<b>48,465,500</b>	<b>39,823,591</b>
<b>Less:</b> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>48,465,500</b>	<b>39,823,591</b>

## KEY MANAGEMENT PERSONNEL

The Municipal Manager, the Chief Financial Officer, the Manager: Corporate Services, the Manager: Community Services and the Manager: Civil Engineering Services are appointed on a 5-year contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

*Remuneration of the Municipal Manager*

Annual Remuneration	648,043	505,931
Performance Bonuses	97,280	
Car Allowance	83,375	102,841
Subsistence and Travel	972	1,121
SALGA contribution	45	31
Contribution to Group Insurance	11,664	8,841
Contributions to UIF, Medical and Pension Funds	135,696	100,890
<b>Total</b>	<b>977,075</b>	<b>719,671</b>

*Remuneration of the Manager: Community Services*

Annual Remuneration	468,518	412,951
Performance Bonuses	78,201	56,731
Travelling Allowance	68,731	67,751
Subsistence and Travel	26,276	18,991
SALGA contribution	45	41
Contribution to Group Insurance	8,433	7,433
Contributions to UIF, Medical and Pension Funds	114,895	100,611
<b>Total</b>	<b>765,098</b>	<b>664,521</b>

*Remuneration of the Manager: Corporate Services*

Annual Remuneration	461,293	405,732
Performance Bonuses	44,686	18,912
Travelling Allowance	90,639	87,841
Subsistence and Travel	8,583	16,881
SALGA contribution	45	41
Contribution to Group Insurance	8,303	7,303
Contributions to UIF, Medical and Pension Funds	107,085	90,070
<b>Total</b>	<b>720,636</b>	<b>626,788</b>

*Remuneration of the Manager: Civil Engineering Services*

Annual Remuneration	468,518	412,951
Performance Bonuses	78,200	27,357
Travelling Allowance	69,300	71,472
Subsistence and Travel	5,780	6,181
SALGA contribution	45	41
Contribution to Group Insurance	8,433	7,433
Contributions to UIF, Medical and Pension Funds	120,679	106,788
<b>Total</b>	<b>750,955</b>	<b>632,236</b>

*Remuneration of the Chief Financial Officer*

Annual Remuneration	481,752	177,579
Performance Bonuses	32,584	
Car Allowance	61,939	24,475
Subsistence and Travel	2,636	1,660
SALGA contribution	45	17
Contribution to Group Insurance	8,671	3,196
Contributions to UIF, Medical and Pension Funds	102,294	37,697
<b>Total</b>	<b>689,921</b>	<b>244,624</b>



CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
27	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor	531,490	501,667
	Executive Deputy Mayor	425,828	404,530
	Speaker	434,836	405,134
	Mayoral Committee Members	400,283	380,246
	Councillors	983,641	934,056
	<b>Total Councillors' Remuneration</b>	<b>2,776,078</b>	<b>2,625,633</b>
	<i>In-kind Benefits</i>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
28	<b>DEBT IMPAIRMENT</b>		
	Trade Receivables from exchange transactions - Note 17	1,998,716	1,365,965
	Trade Receivables from non-exchange transactions - Note 17	705,274	681,332
	<b>Total Contribution to Impairment Provision</b>	<b>2,703,990</b>	<b>2,047,297</b>
29	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	296,774	373,876
	Finance leases	161,989	219,461
	<b>Total finance charges</b>	<b>458,763</b>	<b>593,337</b>
30	<b>BULK PURCHASES</b>		
	Electricity	24,873,087	20,244,294
	Water	74,691	53,715
	<b>Total Bulk Purchases</b>	<b>24,947,778</b>	<b>20,298,010</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>31 GENERAL EXPENSES</b>		
Advertising	169,058	234,497
Advertising & Tourism	600,980	330,000
Audit Committee Allowances	97,035	32,542
Audit fees	1,552,889	1,068,582
Bank Charges	259,782	269,927
Chemicals	624,081	572,164
Cleaning material	133,491	145,913
Cleaning projects	201,144	241,585
Cleaning services & washing	36,031	38,749
Computer Services & License fees	956,063	589,292
Contributions - Festivities	165,219	-
Contributions - Pensioners Medical Aid	-	499,148
Donations	79,000	117,962
Entertainment costs	135,512	87,315
Expenditure - Previous years	1,155,373	991,998
Feeding Schemes	582,359	444,272
Free Basic Electricity	290,685	234,111
Fuel Cost	1,584,981	1,639,085
Holiday Programmes & Entertainment	60,144	869,144
Housing Development Fund	968,985	383,450
Insurance	270,546	583,661
Legal fees	370,538	1,407,353
License fees - Radios	3,764	2,580
License fees - Vehicles	71,602	78,243
Marketing & Development	186,820	-
Oil & Lubricants	52,019	53,271
Postage	389,835	342,447
Printing & Stationery	564,461	488,706
Professional & Consultancy fees	477,790	1,453,143
Protective Clothing	230,289	166,782
Public Communication	204,533	154,183
Recruiting Costs	38,854	143,281
Refuse Bags	394,994	349,682
Rental Paid	1,457,411	438,761
Security Services	381,246	360,694
Service Charges	2,168,757	1,597,836
Service connections - new	201,224	428,976
Soccer 2010 World Cup	205,954	-
Social assistance	177,566	340,062
Socio-Economic Development	547,245	330,684
Sport Development	195,897	-
Structure - & Zoning planning	131,900	349,244
Subscriptions - Organisations	233,085	157,293
Subsistence & Travel Allowances	400,867	221,684
Telephone costs	1,133,378	1,144,826
Training & Development - Staff	373,506	223,189
Training Levy	389,894	300,452
Transfer costs	18,011	217,922
Union Representative	26,726	26,069
Valuation Costs	128,808	19,414
Ward Committees	254,021	53,775
Workmens Compensation Contributions	238,050	203,809
Other	876,471	1,162,772
<b>General Expenses</b>	<b>22,448,874</b>	<b>21,590,531</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

**32 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3**

The following adjustments were made arising from the implementation of General Recognised Accounting Practice (GRAP):

	2009 R	2008 R
<b>32.01 Trade Payables</b>		
Balance previously reported:	330,950	-
Staff Leave	-	-
Performance Bonusses	330,950	-
Transferred to Current Employee Benefits - refer notes 6 and	(330,950)	-
<b>Total</b>	<b>-</b>	<b>-</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2009 R	2008 R
32.02	Current Employee Benefits		
	Balance previously reported:	-	
	Transferred from Provisions - refer notes 6 and	330,950	
	Staff Leave	-	
	Performance Bonusses	330,950	
	Total	330,950	
32.03	Employee Benefits		
	Balance previously reported:	-	
	Transfer of Long Service Awards from Accumulated Surplus - Refer notes 32.06	1,930,123	1,730,996
	Transfer of Post Employment Health Care Liability from Accumulated Surplus - Refer notes 32.06	16,197,860	14,604,497
	Total	18,127,983	16,335,493
32.04	Property plant and equipment		
	Transfer to Investment properties - Refer note 32.05	34,923,693	34,885,303
	Land	34,809,800	34,769,800
	Buildings	113,893	115,503
	Total	34,923,693	34,885,303
32.05	Investment Properties		
	Balance previously reported:	-	-
	Transfer from property plant and equipment - Refer note 32.04	34,923,693	34,885,303
	Total	34,923,693	34,885,303
32.06	Accumulated Surplus/(Deficit)		
	Movements on Accumulated Surplus recorded as they are required by GRAP.		
	Implementation of GRAP		
	Employee Benefits previously not recognised - Note 32.03	(18,127,983)	(16,335,496)
	Total	(18,127,983)	(16,335,496)
32.07	Changes to Statement of Financial Performance		
	Movements on Operating account recorded as they are required by GRAP.		
	Balance previously reported	14,522,297	-
	Implementation of GRAP and IAS 39 - Financial Instruments	(1,792,487)	-
	Recording of Employee benefits for the year 2008 / 2009	12,729,810	-
	Total	15,459,620	-
33	CORRECTION OF ERROR IN TERMS OF GRAP 3		
33.1	Property, Plant and Equipment		
	Balance previously reported		171,420,538
	First time recognition of newly identified items of PPE - Note 12	40,000	5,159,354
	Incorrect recognition of assets in prior financial years corrected on 1 July 2008 - Refer to note 33.3 and 12	-	(3,278,424)
	Total	40,000	173,301,468
33.2	Trade and other payables		
	First time recognition of unused pre-paid electricity (30 June 2008) - Note 33.3	-	49,538.97
	Movement in unused pre-paid electricity in 2008/2009 - Refer note 33.4	3,720	-
	Total	3,720	49,539

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2009 R	2008 R
<b>33.3 Accumulated Surplus/(Deficit)</b>		
First time recognition of newly identified items of PPE - Note 12	5,199,354	5,159,354
Incorrect recognition of donated assets only received in 2008/2009 and not in the year ending 30 June 2008 - Refer to note 33.1 and 12	(3,278,424)	(3,278,424)
First time recognition of unused pre-paid electricity - Note 33.2	-	(49,539)
<b>Total</b>	<b>1,920,930</b>	<b>1,831,391</b>
<b>33.4 Statement of financial performance</b>		
First time recognition of newly identified items of PPE - Note 12	40,000	-
Movement in unused pre-paid electricity in 2008/2009 - Refer note 33.2	(3,720)	-
<b>Total</b>	<b>36,280</b>	<b>-</b>
	<b>2010 R</b>	<b>2009 R</b>
<b>34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	7,043,845	12,766,090
<u>Adjustments for:</u>		
Depreciation	5,590,309	4,880,614
Amortisation of Intangible Assets	3,806	-
(Gain)/Loss on disposal of property, plant and equipment	298,756	(492,955)
Contribution from/to employee benefits - non-current	2,688,807	2,582,908
Contribution from/to employee benefits - non-current - expenditure incurred	(707,244)	(568,114)
Contribution from/to employee benefits - non-current - actuarial losses	(1,117,366)	(222,307)
Contribution to employee benefits -- current	1,692,168	-
Contribution to employee benefits -- current - expenditure incurred	(744,575)	-
Contribution to provisions -- bad debt	2,703,990	2,047,297
Bad debts written off	(144,003)	(82,461)
Operating lease income accrued	22,822	17,610
Interest income	(5,541,143)	(8,918,482)
Interest expense	458,763	593,337
Operating Surplus/(Deficit) before changes in working capital	12,248,934	12,603,537
Changes in working capital	4,179,396	1,767,720
Increase/(Decrease) in Trade and Other Payables	72,566	4,468,187
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	5,620,670	841,934
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	5,000	(197,150)
Increase/(Decrease) in Taxes	549,011	198,504
(Increase)/Decrease in Inventory	(84,887)	(367,119)
(Increase)/Decrease in Trade Receivables from exchange transactions	(759,298)	(3,611,864)
(Increase)/Decrease in Other Receivables from non-exchange transactions	562,547	274,348
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1,786,213)	160,879
<b>Cash generated/(absorbed) by operations</b>	<b>16,428,330</b>	<b>14,371,257</b>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Cash Floats - Note 20	5,502	5,002
Bank - Note 20	67,702,707	70,796,763
<b>Total cash and cash equivalents</b>	<b>67,708,209</b>	<b>70,801,765</b>
<b>36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 35	67,708,209	70,801,765
Less:	67,708,209	70,801,765
	12,021,539	5,846,859
Unspent Committed Conditional Grants - Note 8	11,160,799	5,540,129
Unspent Public Contribution - Note 9	5,000	-
VAT - Note 10	855,741	306,730
<b>Net cash resources available for internal distribution</b>	<b>55,686,670</b>	<b>64,954,905</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	55,000,000	60,000,000
<b>Resources available for working capital requirements</b>	<b>686,670</b>	<b>4,954,905</b>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
		R	R
37	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	2,295,754	3,540,18
	Used to finance property, plant and equipment - at cost	(2,295,754)	(3,540,18)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
38	BUDGET COMPARISONS		
		2010	2010
		R	R
		(Actual)	(Budget)
38.1	Operational		
	Revenue by source		
	Property Rates	26,316,236	26,507,399
	Government Grants and Subsidies - Capital	6,100,297	-
	Government Grants and Subsidies - Operating	35,658,788	15,444,072
	Public Contributions and Donations	1,220,000	1,220,000
	Fines	519,025	1,048,000
	Service Charges	62,667,063	67,797,174
	Rental of Facilities and Equipment	4,541,010	4,430,332
	Interest Earned - external investments	5,032,534	4,700,000
	Interest Earned - outstanding debtors	508,609	550,000
	Licences and Permits	965,182	830,131
	Agency Services	961,735	1,311,831
	Other Revenue	2,045,434	2,363,952
		146,535,913	124,982,891
	Expenditure by nature		
	Employee Related Costs	(48,465,500)	(47,749,978)
	Remuneration of Councillors	(2,776,078)	(2,817,488)
	Debt Impairment	(2,703,890)	(400,000)
	Depreciation and Amortisation	(5,594,115)	(2,711,962)
	Repairs and Maintenance	(7,326,328)	(7,912,504)
	Finance Charges	(458,763)	(317,520)
	Bulk Purchases	(24,947,778)	(26,846,825)
	Contracted services	(658,722)	(643,500)
	Grants and Subsidies	-	(4,433,393)
	Operating Grant Expenditure	(23,813,163)	(2,756,000)
	General Expenses	(22,448,874)	(23,227,335)
		(139,193,311)	(119,816,505)
	Other Gains/Losses		
	Loss on Disposal of PPE	(298,756)	-
		(298,756)	-
	Net Surplus for the year	7,043,846	5,166,386
	Details of material variances		
	Please see Appendix E(1)		

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
<b>38.2 Expenditure by Vote</b>				
Municipal Manager	(6,362,751)	(6,573,400)	210,649	-3%
Council General Expenses	(11,468,749)	(11,993,198)	524,449	-4%
Corporate Services	(5,093,148)	(5,264,315)	171,167	-3%
Library	(2,368,538)	(2,503,014)	134,477	-5%
Human Resources	(3,547,140)	(3,649,793)	102,653	-3%
Traffic	(2,507,993)	(2,698,770)	190,777	-7%
Vehicle Testing Station	(1,475,031)	(1,508,425)	33,394	-2%
Finance	(9,561,686)	(8,844,997)	(716,689)	8%
Property Tax	(3,955,619)	(1,396,122)	(2,559,497)	183%
Information Technology	(1,974,958)	(1,921,614)	(53,344)	3%
Electricity	(35,497,323)	(37,150,407)	1,653,084	-4%
Workshop	(281,184)	(283,468)	2,284	-1%
Community Services	(4,016,482)	(4,018,458)	1,976	0%
Buildings and Commonage	(3,406,900)	(3,382,011)	(24,889)	1%
Environmental Services	(403,567)	(431,412)	27,845	-6%
Parks & Open Spaces	(2,810,302)	(3,098,099)	287,798	-9%
Sports Grounds	(452,134)	(496,384)	44,250	-9%
Beaches & Public Amenities	(953,430)	(1,038,484)	85,054	-8%
Holiday Resorts	(3,936,451)	(3,985,821)	49,370	-1%
Engineering Services	(1,166,728)	(1,228,559)	61,831	-5%
Proclaimed Roads	(199,174)	(200,000)	826	0%
Sewerage & Sanitation	(5,056,074)	(4,873,243)	(182,831)	4%
Streets & Stormwater	(10,047,446)	(9,469,987)	(577,459)	6%
Solid Waste	(6,916,817)	(7,420,851)	504,034	-7%
Water	(9,746,469)	(9,450,958)	(295,511)	3%
Funds & Reserves	(3,316,043)	(1,300,000)	(2,016,043)	155%
Government Grants & Subsidies	(24,543,710)	(3,023,000)	(21,520,710)	712%
Less Inter-Departmental Charges	17,388,285	17,388,280	5	0%
	<b>(143,677,562)</b>	<b>(119,816,510)</b>	<b>(23,861,052)</b>	<b>20%</b>

Details of material variances

Provide details for material variances

<b>38.3 Capital expenditure by vote</b>				
Municipal Manager	(1,699)	(18,000)	16,301	-91%
Council General Expenses	(19,018)	(18,000)	(1,018)	6%
Corporate Services	(112,730)	(95,500)	(17,230)	18%
Library	(655,620)	(616,100)	(39,520)	6%
Traffic	(54,322)	(49,800)	(4,522)	9%
Finance	(530,229)	(490,000)	(40,229)	8%
Electricity	(3,877,578)	(4,070,000)	192,422	-5%
Community Services	(1,248,312)	(957,500)	(290,812)	30%
Buildings and Commonage	(1,367,823)	(1,121,100)	(246,723)	22%
Parks & Open Spaces	(67,834)	(67,500)	(334)	0%
Holiday Resorts	(717,053)	(610,000)	(107,053)	18%
Sewerage & Sanitation	(1,238,029)	(1,714,100)	476,071	-28%
Streets & Stormwater	(10,955,625)	(10,211,900)	(743,725)	7%
Solid Waste	(175,118)	(230,000)	54,882	-24%
Water	(2,667,163)	(3,010,000)	342,837	-11%
	<b>(23,688,154)</b>	<b>(23,279,500)</b>	<b>(408,654)</b>	<b>1.76%</b>

Details of material variances

Please see Appendix E(1)

<b>39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>	<b>2010 R</b>	<b>2009 R</b>
<b>39.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	424,149	766,916
Unauthorised expenditure current year - capital	1,491,166	12,835,803
Unauthorised expenditure current year - operating	27,946,974	-
Approved by Council or condoned	(424,149)	(13,178,570)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>29,438,140</b>	<b>424,149</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes 2009/10	None

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
39.2 <u>Fruitless and wasteful expenditure</u>		
None		
39.3 <u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	5,265,750	-
Irregular expenditure current year	1,248,322	8,992,773
Condoned or written off by Council - Council resolution December 2009	(5,265,750)	(3,727,023)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>1,248,322</u>	<u>5,265,750</u>
39.4 <u>Material Losses</u>		2010
Electricity distribution losses		
Units purchased (Kwh)		64,637,589
- Units lost during distribution (Kwh)		7,704,860
- Percentage lost during distribution		11.92%
Water distribution losses		
Kilo litres purified		25,917,078
Kilo litres lost during distribution		4,121,280
- Percentage lost during distribution		15.90%
40 <b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
40.1 <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
Council subscriptions	224,515	151,440
Amount paid - current year	(224,515)	(151,440)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>
40.2 <u>Audit fees - [MFMA 125 (1)(c)]</u>		
Opening balance	-	-
Current year audit fee	1,552,889	1,068,582
External Audit - Auditor-General	1,295,742	830,043
Internal Audit	257,147	238,539
Amount paid - current year	(1,552,889)	(1,068,582)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>
40.3 <u>VAT - [MFMA 125 (1)(c)]</u>		
VAT	(855,741)	(306,730)
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
40.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
Current year payroll deductions and Council Contributions	5,675,801	4,450,683
Amount paid - current year	(5,675,801)	(4,450,683)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>
40.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
Current year payroll deductions and Council Contributions	9,953,780	7,629,688
Amount paid - current year	(9,953,780)	(7,629,688)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

40.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2010:

	2010 R	2009 R
	Outstanding more than 90 days	Outstanding more than 90 days
None	-	-
Total Councillor Arrear Consumer Accounts	-	-

40.7 Quotations awarded - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

Non Compliance per financial category

- Less than R 30 000	3,388,942	85,800
- Between R 30 000 and R 200 000	2,479,924	3,094,660
- More than R 200 000	228,000	5,812,313
	6,096,866	8,992,773

40.8 Other non-compliance [MFMA 125(2)(e)]

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the mayor, the MEC of local government in the province and the Auditor General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section. The municipality will also ensure that all other relevant sections of Section 32 of the Section 18 (a) of the Supply Chain Management Regulations states that all formal written price quotations asked in excess of R30 000 have to be advertised on the municipality's website for at least seven days. This requirement was not at all times adhered to.

Section 9 (a) of the MFMA states that the relevant provincial treasury and the Auditor General must be notified in writing of all new bank accounts opened. When investments are made a new bank account number is allocated to each new investment. The municipality did not notify the relevant provincial treasury or the Auditor General of these accounts.

41 **CAPITAL AND HOUSING (TOP STRUCTURES) COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure - Channeling of river (ASLA)  
Housing top structures

Total

11,018,000	-
7,049,000	-
3,969,000	-
11,018,000	-

This expenditure will be financed from:

Government Grants

11,018,000	-
11,018,000	-

42 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

## (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

## (b) Price risk

The municipality is not exposed to price risk.

## (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.



# CAPE AGULHAS MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2010 R	2009 R
0.5% (2009 - 0.5%) Increase in interest rates	327,035	336,283
0.5% (2009 - 1%) Decrease in interest rates	(327,035)	(672,566)

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2010 %	2010 R	2009 %	2009 R
Rates	20.76%	1,356,712	17.14%	681,332
Other	79.24%	5,178,660	82.86%	3,294,053
	100.00%	6,535,371	100.00%	3,975,385

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2010 R	2009 R
Long term receivables	457,035	579,255
Trade receivables and other receivables	6,847,280	9,210,516
Cash and Cash Equivalents	67,708,209	70,801,765
Unpaid conditional grants and subsidies	1,786,213	-
	76,798,737	80,591,535

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2010</b>				
Long Term liabilities	585,774	1,042,587	476,988	-
Capital repayments	390,235	601,454	399,398	-
Interest	195,539	441,132	77,591	-
Trade and Other Payables	7,681,306	-	-	-
Unspent conditional government grants and receipts	11,160,799	-	-	-
Unspent Public Contributions	5,000	-	-	-
	<u>19,432,879</u>	<u>1,042,587</u>	<u>476,988</u>	<u>-</u>
<b>2009</b>				
Long Term liabilities	870,622	1,389,866	715,483	-
Capital repayments	581,266	558,508	559,728	-
Interest	289,356	831,358	155,755	-
Trade and Other Payables	7,613,630	-	-	-
Unspent conditional government grants and receipts	5,540,129	-	-	-
	<u>14,024,381</u>	<u>1,389,866</u>	<u>715,483</u>	<u>-</u>

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## FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

43.1	<u>Financial Assets</u>	<u>Classification</u>	2010 R	2009 R
	<b>Long-term Receivables</b>			
	Officials Housing Loans	Loans and receivables	34,202	39,322
	Sport Club Loans	Loans and receivables	422,833	536,244
	<b>Consumer and other Debtors</b>			
	Trade receivables from exchange transactions	Loans and receivables	5,041,618	6,208,577
	Other receivables from exchange transactions	Loans and receivables	484,853	557,312
	Other receivables from non-exchange transactions	Loans and receivables	1,320,809	2,444,627
	<b>Other Debtors</b>			
	Unpaid government grants	Loans and Receivables	1,786,213	-
	<b>Current Portion of Long-term Receivables</b>			
	Officials Housing Loans	Loans and receivables	5,380	5,120
	Sport Club Loans	Loans and receivables	-	-
	<b>Bank Balances and Cash</b>			
	Bank Balances	Loans and receivables	67,702,707	70,796,763
	Cash Floats and Advances	Loans and receivables	5,502	5,002
			<u>76,804,117</u>	<u>80,592,967</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	Loans and receivables		<u>76,804,117</u>	<u>80,592,967</u>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
43	<b>FINANCIAL INSTRUMENTS (CONTINUE)</b>		
43.2	<b><u>Financial Liability</u></b>		
	<b><u>Classification</u></b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	1,000,734	52,775,404
	Capitalised Lease Liability	315,885	142,539
	<b>Trade Payables</b>		
	Trade creditors	5,314,309	4,523,051
	Retentions	952,711	1,415,377
	Other Creditors	370,708	423,209
	Deposits	1,043,579	1,251,992
	<b>Unspent Conditional Grants, Receipts and other contributions</b>		
	Other Spheres of Government	11,160,799	5,540,129
	Public Contributions	5,000	-
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	390,235	542,643
	Capitalised Lease Liability	588,900	689,023
		<b>21,142,859</b>	<b>67,303,367</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	At amortised cost	<b>21,142,859</b>	<b>67,303,367</b>
44	<b>EVENTS AFTER THE REPORTING DATE</b>		
	No events occurred after reporting date that would have an impact on the financial year ended 30 June 2010.		
45	<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
46	<b>PRIVATE PUBLIC PARTNERSHIPS</b>		
	Council has not entered into any private public partnerships during the financial year.		
47	<b>CONTINGENT LIABILITY</b>		
	Council do have the following contingent liabilities at the end of the financial year 2009/10		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
47.01	The Council and DA Civils CC is still in the mediation-/arbitration process flowing from a claim of R3 210 179 (Vat Excl.) that was lodged by the Contractor against the Council due to solid rock digging in accordance with contract DCR 0041. The Contractor also claim interest from September 2004. The total approved amount was R1 064 239 (Vat excl.) from which R825 652 already paid to the Contractor.		
	Council opposes the claim and due to potential legal cost implication, the mediation-/arbitration process is followed in an attempt to settle the claim outside the court. The matter is currently in mediation.		
47.02	The Council is sued as second respondent in case nr. 1926/08 between Arniston Rate Payers Association and Verreweide Property Development Co. (first respondent) about the development of erf 599, Waenhuiskrans. The ruling of the court case was that the improvements on the erf must be demolished and that the erf must be returned to the municipality. There is a possibility of future financial implications for the Council.		
47.03	The Council was summonsed by the Court on behalf of TMT, who rendered certain traffic services on behalf of the Council. The amount of the summons is R184 000. Council aposed the matter.		
47.04	A gaurantee was issued by Council to the Department of Mineral and Energy for rehabilitation of ground works with the construction of the Sanddrift Dam. This gaurantee has not been raised by the said department.		
47.05	A claim was lodged against the council by Spronk and Associates Incorporated for town planning performed on behalf of the municipality. The council opposes the appointment of the consultant due to inappropriate procedures followed during the procurement process. The amount of the claim is R 1 061 099.29		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

## 48.1 Related Party Transactions

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

## 48.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

## 48.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

## 48.4 Other related party transactions

		2010	2009
		R	R
The following purchases were made during the year where Councillors or Management have an interest:			
<u>Councillor/Employee</u>	<u>Entity</u>		
R Mitchell	L&M Construction ( Brother of R Mitchell )	441,580	-
R Mitchell	L&M Construction ( Brother of R Mitchell )	284,760	-
R Mitchell	L&M Construction ( Brother of R Mitchell )	45,360	-
M Smal	Microzone Trading (Spouse of M Smal)	348,840	426,606
M Smal	Microzone Trading (Spouse of M Smal)	81,500	-
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	-	155,268
R Mitchell	LC Mitchell (Brother of R Mitchell)	-	147,800
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	32,529	231,816
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	104,595	48,007
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	43,930	202,637
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	141,230	-
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	31,492	-
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	24,750	-
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	24,346	-
H de Jager	De Jager Transport ( Brother of H de Jager )	41,101	-
J Diedericks	Diedericks Construction (Brother of J Diedericks)	-	55,358
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	-	104,595
H Damons	S Kroukamp ( Parent of H Damons )	36,000	-
M Walbrugh	M Walbrugh (Spouse of M Walbrugh )	12,360	-
M Walbrugh	M Walbrugh (Spouse of M Walbrugh )	3,200	-
M Walbrugh	M Walbrugh (Spouse of M Walbrugh )	3,350	-
M Walbrugh	M Walbrugh (Spouse of M Walbrugh )	600	-
C Leonard	M Hopley ( Parent of C Leonard )	4,500	-
U Hopley	M Hopley ( Parent of U Hopley )	4,500	-
H de Jager	L C Construction ( Child of H de Jager )	29,416	-
H de Jager	L C Construction ( Child of H de Jager )	16,326	-
		<u>1,756,263</u>	<u>1,372,087</u>

The following short term rental agreements for truck shops in the holiday resorts were entered into with the following related parties:

R Mitchell	LC Mitchell (Brother of R Mitchell)	R140 p/day
D Jantjies	Heinrich & Deldre Jantjies (Children of Councilor Jantjies)	R2000 p/year
D Jantjies	Heinrich & Deldre Jantjies (Children of Councilor Jantjies)	R500 p/year

## 49 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

## 49.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, Issued in February 2008. The municipality did not recognise provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

49.2 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following inventories:

Water

The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

49.3 The Municipality has taken advantage of the transitional provisions set out in Directive 4. Provisional amounts are set at R0.00 as it might have an effect on other classes of assets. The Municipality is in the process of identifying and itemizing all infrastructure and community assets and other property, plant and equipment and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets and other property plant and equipment using global or other historical costs recorded in the accounting records.

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
  - Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

APPENDIX A - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2009	Balance at 30 JUNE 2009 Restated	Redeemed written off during the period	Balance at 30 JUNE 2010
<b>ANNUITY LOANS</b>							
DBSA	16.65%	B34	30/06/2011	132,662	132,662	61,006	71,656
ODM ( ABSA )	14.00%	S36	30/06/2010	83,670	83,670	83,669	0
ODM ( DBSA )	15.80%	S39	31/12/2010	3,496	3,496	2,387	1,109
DBSA	15.00%	B48	30/06/2017	1,090,292	1,090,292	77,984	1,012,308
DBSA	15.06%	B51	31/12/2008	-	-	-	-
DBSA	17.95%	B53	31/12/2009	11,988	11,988	11,988	(0)
DBSA	17.05%	B54	30/06/2012	201,448	201,448	56,405	145,043
DBSA	17.13%	B55	31/12/2010	310,247	310,247	198,162	112,085
DBSA	16.65%	B56	30/06/2011	90,287	90,287	41,519	48,768
ODM ( ABSA )	14.00%	S57	30/06/2010	22,286	22,286	22,286	(0)
<b>Total Annuity Loans</b>				<b>1,946,376</b>	<b>1,946,376</b>	<b>555,407</b>	<b>1,390,969</b>
<b>LEASE LIABILITY</b>							
Office Equipment Vehicles				305,630 1,288,182	305,630 1,288,182	118,443 570,585	187,187 717,597
<b>Total Lease Liabilities</b>				<b>1,593,812</b>	<b>1,593,812</b>	<b>689,028</b>	<b>904,784</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>3,540,188</b>	<b>3,540,188</b>	<b>1,244,435</b>	<b>2,295,753</b>

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010																		
	Classification										Accumulated Depreciation				Carrying Value			
	Opening Balance	Assets transferred previously	Assets not reclassified previously	Reclassified opening balance	Reclassification of assets	Medial Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Assets transferred previously	Reclassified opening balance		Reclassification of assets	Additions	Disposals Income
Land and Buildings																		
Land	63,377,715	2,443,315	764,500	66,002,500	30,294,300	-	250,000	-	-	-	39,414,200	-	-	-	-	-	-	26,414,200
Buildings	23,550,227	879,000	2,218,000	26,187,227	22,133,717	-	-	-	-	-	21,513,717	636,423	636,423	9,079,796	9,079,796	165,237	-	12,562,759
	84,927,942	3,322,315	3,082,500	92,189,727	52,428,017	-	250,000	-	-	-	60,927,917	636,423	636,423	18,159,592	18,159,592	165,237	-	38,976,959
Infrastructure																		
Roads and Storm water	24,447,415	-	-	24,447,415	23,458,728	-	7,001,582	-	1,224,105	-	25,669,322	27,782	2,293,255	2,241,464	1,244,414	-	-	3,712,298
Electricity Network	27,351,358	-	-	27,351,358	26,888,210	-	2,869,377	-	-	-	29,950,377	27,782	7,420,296	7,420,296	893,339	-	-	7,651,093
Sewerage Networks	23,824,330	-	-	23,824,330	23,251,148	-	401,183	-	-	-	23,825,331	161,436	3,171,522	3,171,522	748,565	-	-	19,694,432
Water Network	2,058,080	-	-	2,058,080	20,257,484	-	2,516,412	-	-	-	21,773,896	346,484	4,610,500	4,610,500	934,425	-	-	3,177,594
Relates Removal	-	-	-	-	1,943,142	-	-	-	-	-	1,943,142	463,944	463,944	463,944	20,815	-	-	1,516,335
	110,113,483	-	-	110,113,483	100,842,790	-	12,277,783	-	3,224,105	-	121,894,648	463,944	15,421,182	15,421,182	4,611,759	-	-	35,327,451
Community Assets																		
Recreation Grounds	1,562,208	-	-	1,562,208	1,275,231	-	537,879	-	-	-	1,813,110	1,258	153,571	153,571	24,237	-	-	1,813,105
Community Halls	1,284,116	-	-	1,284,116	1,875,062	-	1,020,583	-	-	-	2,894,625	4,816	73,358	73,358	21,196	-	-	2,941,924
Libraries	-	-	-	-	130,000	-	556,468	-	-	-	776,468	-	-	-	7,207	-	-	782,675
Parks & Gardens	3,095,359	-	-	3,095,359	3,477,751	-	17,216	-	-	-	3,662,518	11,547	546,425	546,425	11,725	-	-	3,684,661
Clubs	97,956	-	-	97,956	97,955	-	87,395	-	-	-	175,350	-	5,865	5,865	980	-	-	91,130
Sports facilities	-	-	-	-	360,271	-	36,474	-	-	-	419,645	14,894	14,894	14,894	30,637	-	-	374,914
Council/CA	221,207	-	-	221,207	-	-	-	-	-	-	221,207	16,729	16,729	16,729	-	-	-	-
	8,922,848	-	-	8,922,848	4,086,719	-	3,398,703	-	-	-	6,344,893	16,422	619,373	619,373	350,222	61,973	-	5,993,187
Leased Assets																		
Leased Assets - Vehicles	648,463	-	-	648,463	648,463	-	-	-	-	-	648,463	-	-	525,911	148,999	-	-	1,002,364
Leased Assets - Office Machinery	895,141	-	-	895,141	895,141	-	-	-	-	-	895,141	-	-	691,682	174,401	-	-	1,002,364
	1,543,604	-	-	1,543,604	1,543,604	-	-	-	-	-	1,543,604	-	-	1,217,593	323,000	-	-	2,002,364
Other Assets																		
Vehicles	1,022,790	-	-	1,022,790	1,909,386	-	1,705,541	-	977,338	-	3,602,657	23,727	1,077,272	1,073,659	198,066	-	-	4,253,647
Tools & Equipment	247,107	-	-	247,107	2,523,249	-	883,743	-	-	-	3,406,950	-	-	36,340	786,126	171,931	-	4,253,647
Furniture	956,233	-	-	956,233	706,025	-	64,603	-	-	-	1,020,838	-	-	151,908	148,782	-	-	2,044,046
Equipment	2,170,882	-	-	2,170,882	6,400	-	-	-	-	-	2,170,882	-	-	-	233	-	-	2,170,882
Special Vehicles	1,309,888	-	-	1,309,888	1,309,663	-	-	-	-	-	1,309,888	-	-	770,694	74,719	-	-	1,309,888
Trails	795,607	-	-	795,607	792,799	-	17,791	-	-	-	813,398	-	-	427,991	93,203	-	-	840
Chairs	411,654	-	-	411,654	410,268	-	36,286	-	-	-	447,940	-	-	81,820	263,497	-	-	2,827,114
Office Equipment	248,030	-	-	248,030	802,569	-	276,634	-	-	-	1,024,664	-	-	27,306	27,306	-	-	893,244
Computer Hardware	2,000,837	-	-	2,000,837	1,681,345	-	218,152	-	-	-	2,219,989	-	-	173,324	134,025	-	-	322,002
Other Land and Buildings	-	-	-	-	3,568,961	-	146,846	-	-	-	3,715,807	-	-	35,866	628,252	-	-	3,910,666
Other	3,451,027	-	-	3,451,027	2,224,444	-	478,828	-	-	-	3,929,855	-	-	532,260	203,721	-	-	3,511,008
	18,453,298	-	2,364	18,455,662	17,140,258	-	3,492,253	-	677,338	-	22,625,849	-	-	3,994,897	4,777,617	306,491	-	20,721,618
Investment Properties																		
Investment Properties	-	-	2,195,200	2,195,200	34,970,300	-	800,000	-	-	-	25,470,200	-	-	-	47,107	-	-	25,517,307
	-	-	2,195,200	2,195,200	34,970,300	-	800,000	-	-	-	25,470,200	-	-	-	47,107	-	-	25,517,307
Total	228,112,110	3,322,315	5,169,364	236,603,789	221,842,216	-	15,887,749	-	3,224,105	-	252,748,271	169,999	27,261,661	37,210,742	4,611,759	346,401	-	211,153,112

APPENDIX C - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010  
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Bal	Additions	Residual Value Additions	Under Construction	Disposals	Closing Balance	Opening Balance	
Executive & Council	752,154	-	20,717	-	-	9,753	763,118	174,837	215,393
Finance & Admin	101,499,055	47,500	2,010,782	-	-	381,122	103,116,214	11,006,338	11,276,063
Community & Social Services	1,544,585	51,200	1,903,932	-	-	54,194	3,445,523	422,752	564,061
Public Safety	598,051	228,900	54,322	-	-	-	877,273	229,233	297,892
Road Transport	27,683,799	1,351,580	7,511,061	220,460	3,224,105	-	40,001,005	3,221,278	4,826,402
Environmental Protection	14,387	-	-	-	-	-	14,387	8,675	9,953
Sport & Recreation	2,858,861	566,750	739,428	45,480	-	140,782	4,089,716	874,394	761,839
Waste Water Management	24,783,009	804,740	1,147,109	90,920	-	-	26,625,778	3,670,829	4,524,115
Waste Management	2,370,811	653,550	175,116	-	-	-	3,199,479	408,850	555,851
Electricity	31,317,788	806,205	3,557,116	220,460	-	3,347	35,998,205	7,885,262	1,142
Water	31,865,581	863,700	2,887,183	-	-	15,896	34,980,548	9,809,401	8,762,514
Other	658,188	-	-	-	-	162	658,025	248,803	10,759,535
TOTAL	225,884,248	4,952,125	19,886,748	577,300	3,224,105	605,256	253,749,271	37,361,651	42,845,459
									211,103,812



APPENDIX D - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010  
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
21,028,817	(24,670,232)	(3,641,416)	Executive & Council	41,172,869	(42,375,211)	(1,202,342)
33,607,598	(23,674,174)	9,933,425	Finance & Admin	34,290,214	(30,855,494)	3,434,720
1,278,260	(6,077,418)	(4,799,157)	Community & Social Services	946,538	(6,385,019)	(5,438,481)
1,594,585	(2,323,482)	(728,897)	Public Safety	502,928	(2,507,993)	(2,005,066)
1,595,656	(11,149,842)	(9,554,186)	Road Transport	1,892,279	(13,169,563)	(11,277,284)
-	(325,843)	(325,843)	Environmental Protection	3,316	(403,567)	(400,251)
3,540,932	(8,690,055)	(5,149,123)	Sport & Recreation	3,835,174	(8,152,316)	(4,317,142)
4,255,849	(4,371,439)	(115,590)	Waste Water Management	4,481,876	(5,056,074)	(574,198)
6,734,707	(6,784,782)	(50,075)	Waste Management	7,402,327	(6,916,817)	485,510
37,334,060	(25,571,647)	11,762,413	Electricity	43,451,574	(35,497,323)	7,954,251
11,461,752	(8,799,313)	2,662,439	Water	12,742,313	(9,746,469)	2,995,844
122,432,216	(122,438,226)	(6,009)	Sub Total	150,721,408	(161,065,847)	(10,344,439)
-	14,532,656	(14,532,656)	Less Inter-Departmental Charges	-	17,388,285	17,388,285
122,432,216	(107,905,570)	14,526,647	Total	150,721,408	(143,677,562)	7,043,846

APPENDIX E(1) - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
REVENUE AND EXPENDITURE  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010  
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances versus Budget
<b>REVENUE</b>					
Property Rates	26,316,236	26,507,399	(191,163)	-0.72%	
Government Grants and Subsidies	41,759,085	15,444,072	26,315,013	170.39%	Additional grant received for Napier Houses
Public Contributions and Donations	1,220,000	-	1,220,000	0.00%	
Fines	519,025	1,048,000	(528,975)	-50.47%	Insufficient issuing and collection of fines
Service Charges	67,151,314	67,797,174	(645,860)	-0.95%	
Rental of Facilities and Equipment	4,541,010	4,430,332	110,678	2.50%	
Interest Earned - External Investments	5,032,534	4,700,000	332,534	7.08%	
Interest Earned - Outstanding Debtors	508,609	550,000	(41,391)	-7.53%	
Licences and Permits	965,182	830,131	135,051	16.27%	Increase in demand for licences and permits
Agency Services	961,735	1,311,831	(350,096)	-26.69%	Decrease in vehicle registrations
Other Revenue	2,045,434	2,363,952	(318,518)	-13.47%	
Gain/(Loss) on disposal of PPE	-298,756	-	(298,756)	0.00%	
<b>Total Revenue</b>	<b>150,721,408</b>	<b>124,982,891</b>	<b>25,738,517</b>	<b>20.59%</b>	
<b>EXPENDITURE</b>					
Executive & Council	(42,375,211)	(21,589,598)	(20,785,613)	96.28%	Additional grant received for Napier Houses Increase in provision for bad debts, first time recognition of post retirement benefits, increase in leave commitment and contribution to valuation reserve.
Finance & Admin	(30,855,494)	(25,758,852)	(5,096,642)	19.79%	
Community & Social Services	(6,385,019)	(6,521,472)	136,453	-2.09%	
Public Safety	(2,507,993)	(2,698,770)	190,777	-7.07%	
Road Transport	(13,169,563)	(12,690,439)	(479,124)	3.78%	
Environmental Protection	(403,567)	(431,412)	27,845	-6.45%	
Sport & Recreation	(8,152,316)	(8,618,788)	466,472	-5.41%	
Waste Water Management	(5,056,074)	(4,873,243)	(182,831)	3.75%	
Waste Management	(6,916,817)	(7,420,851)	504,034	-6.79%	
Electricity	(35,497,323)	(37,150,407)	1,653,084	-4.45%	
Water	(9,746,489)	(9,450,958)	(295,531)	3.13%	
Less: Interdepartmental Charges	17,388,285	17,388,280	5	0.00%	
<b>Total Expenditure</b>	<b>(143,677,562)</b>	<b>(119,816,510)</b>	<b>(23,861,052)</b>	<b>19.91%</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>7,043,846</b>	<b>5,166,381</b>	<b>1,877,465</b>	<b>36.34%</b>	

APPENDIX E (2) - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010  
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS  
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual R	2010 Under Construction R	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances versus Budget
Executive & Council	20,717	-	20,717	36,000	(15,283)	-42.45%	
Finance & Admin	2,010,782	-	2,010,782	1,706,600	304,182	17.82%	
Community & Social Services	1,903,932	-	1,903,932	1,573,600	330,332	20.99%	
Public Safety	54,322	-	54,322	49,800	4,522	9.08%	
Road Transport	7,731,521	3,224,105	10,955,625	10,211,900	743,725	7.28%	
Sport & Recreation	784,888	-	784,888	677,500	107,388	15.85%	
Waste Water Management	1,238,029	-	1,238,029	1,714,100	(476,071)	-27.77%	
Waste Management	175,118	-	175,118	230,000	(54,882)	-23.86%	
Electricity	3,877,578	-	3,877,578	4,070,000	(192,422)	-4.73%	
Water	2,667,163	-	2,667,163	3,010,000	(342,837)	-11.39%	
							Allocation differences between budget allocations and actual expenditure. Refer to immaterial over expenditure on total budget.
<b>Total</b>	<b>20,484,049</b>	<b>3,224,105</b>	<b>23,688,154</b>	<b>23,279,500</b>	<b>408,654</b>	<b>1.76%</b>	

APPENDIX F - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Contributions during the year	Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>						
	R	R	R	R	R	R
Equitable Share	-	10,527,069	-	10,527,069	-	-
Library Services	-	401,000	-	401,000	-	-
SETA Training	-	187,009	-	187,009	-	-
Electricity RDP Housing	10,696	-	(10,696)	-	-	-
Elim : Upgrading Sewer System	9,532	-	(9,532)	-	-	-
CDW	60,427	48,000	-	30,811	8,868	68,748
Municipal Finance Management	1,044,858	1,000,000	-	893,800	-	1,151,058
GIS	16,986	-	(16,986)	-	-	-
Municipal Infrastructure Grant	478,568	12,045,000	-	-	6,076,915	6,446,553
Municipal Systems Improvement	488,159	-	-	488,159	-	15,018
Department Housing and Consumer Programme	42,000	-	-	12,466	14,516	-
Flood Damage	1,782	-	(1,782)	-	-	-
Feeding Scheme	356,328	426,000	-	582,359	-	199,969
Masibambane Programme	553,029	220,000	-	411,132	-	361,897
RDP Housing Zwelitsha	696,746	-	-	17,810	-	678,936
RDP Housing Phase 4	240,316	-	10,696	-	-	251,012
RDP Housing Struisbaai 150 Houses	37,235	-	-	37,235	-	-
Sport and Recreation	87,224	-	-	87,224	-	-
Sewer Pump Station Struisbaai North	3,381	-	(3,381)	-	-	-
Water Master Planning	28,135	-	-	8,700	-	19,435
Flood Damage	1,384,727	-	-	1,384,727	-	-
Soccer 2010	-	201,910	-	-	-	201,910
Napier Housing	-	20,452,250	-	18,690,250	-	1,762,000
Meesterbeplanning - IMQS	-	100,000	15,986	112,824	-	4,162
<b>Total</b>	<b>5,540,129</b>	<b>45,608,238</b>	<b>(14,695)</b>	<b>33,872,575</b>	<b>6,100,298</b>	<b>11,160,799</b>
<b>UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>						
	R	R	R	R	R	R
Napier RDP Houses Electricity	-	-	-	1,786,213	-	(1,786,213)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,786,213</b>	<b>-</b>	<b>(1,786,213)</b>
<b>Total Receipts</b>	<b>5,540,129</b>	<b>45,608,238</b>	<b>(14,695)</b>	<b>35,658,788</b>	<b>6,100,298</b>	<b>9,374,586</b>

2 550 500.

APPENDIX G - UNAUDITED  
CAPE AGULHAS LOCAL MUNICIPALITY  
NON COMPLIANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS FOR THE YEAR ENDED 30 JUNE 2010

SUPPLIER	AMOUNT			
	LESS THAN R30 000	BETWEEN R30 000 AND R200 000	MORE THAN R200 000	TOTAL
SUIDKAAP DRUKKERY	240			240
ASLA DEVCO		152,853		152,853
KNOWLEDGE BASE		31,190		31,190
SUIDERPERS	8,367			8,367
NATIONAL SEA-AND-SAND INSTITUTE		71,400		71,400
OVERBERG APPLIANCES	350			350
DS DU TOIT	12,560			12,560
ANTOINETTE EVENTS	15,390			15,390
CROSS-ODENDAAL AUTO ELEC	2,835			2,835
TOOLS FOR HIRE	3,840			3,840
OVERBERG AGRI	462			462
OVERBERG AGRI	966			966
OVERBERG AGRI	312			312
HOP IN FAMILY MARKET	6,256			6,256
HOP IN FAMILY MARKET	6,562			6,562
CSE	2,402			2,402
P&B LIMEWORKS	3,420			3,420
TWIN D	3,000			3,000
CAR BOAT TRUCK	212			212
OVERBERG LOCKSMITH	450			450
TOOLS FOR HIRE	1,152			1,152
NASHUA	3,306			3,306
TJ MURTZ T/A MURTZ BUS SERVICES	2,600			2,600
TWIN D BUSDIENS	10,300			10,300
E WHITE	600			600
HOTAGTERKLIP PADSTAL	5,640			5,640
PRICE CLUB	500			500
INKANYEZI MARKETING & COMMUNICATIONS	10,579			10,579
JULIANS TRANSPORT	4,800			4,800
ERASMUS VERVOER	1,060			1,060
KNOWLEDGE BASE SALES		31,190		31,190
OVERBERG AGRI	1,400			1,400
BLOCH SUPERMARKET	6,149			6,149
NISAS CASH STORE NAPIER	4,400			4,400
OVERBERG AGRI		36,480		36,480
P DANIELS	480			480
ANTHONY'S TRANSPORT	900			900
OJ PLANT HIRE	1,097			1,097
BLUEBIRD MEDIA	500			500
SUSAN WIESE	928			928
G SUMMERS	2,447			2,447
CAMPO SPORTS	4,929			4,929
HOUSE OF CARPETS		52,728		52,728
OK GROCER	187			187
HOP IN	6,029			6,029
OVERBERG AGRI	152			152
ISUZU TRUCK CENTRE	4,281			4,281
HARVEY WORLD TRAVEL	8,232			8,232
ANINE VAN WYK	1,000			1,000

OVERBERG AGRI	593		593
CAR BOAT TRUCK	604		604
N W CARSTENS	10,416		10,416
L'AGULHAS KAFEE	213		213
TA WAX TRANSPORT	1,800		1,800
AF HAVECROFT	755		755
OVERBERG AGRI	15,846		15,846
R.LAWRENCE	3,200		3,200
AGRICOL	3,420		3,420
HOP-IN	5,562		5,562
HOP-IN	26,699		26,699
D PETERSEN	10,000		10,000
OVERBERG AGRI	403		403
CSE	723		723
IKAMVA	2,784		2,784
IKAMVA	9,805		9,805
HOP-IN	6,117		6,117
PREMIUM COMPUTERS	2,708		2,708
TRANSTECH		64,437	64,437
THE 3 CHIMNEYS GUEST HOUSE	1,940		1,940
OJ PLANTHIRE	627		627
PREMIUM COMPUTERS	200		200
CSE EQUIPMENT	5,974		5,974
CALTEST		48,971	48,971
F ANTA	10,000		10,000
CAM MOTORS T/A BREDASDORP MOTORS	3,013		3,013
HOP-IN	6,413		6,413
S KEKEZWA	1,008		1,008
M.WALBRUGH	4,600		4,600
JEAN MAARMAN	15,000		15,000
BREDASDORP PROPERTY PROTECTION	3,000		3,000
TOOL 4 HIRE	2,125		2,125
IT-CAPE	207		207
BETAALMEESTER	7,500		7,500
LUGMAG BASIS OVERBERG	10,000		10,000
M WALBRUGH	7,760		7,760
H S M PUMPS	7,006		7,006
ORMS	315		315
STRUISBAAI BANDE	150		150
R JOHNSON-MAROEM	1,197		1,197
GRAPEVINE INTERACTIVE	599		599
ANINE VAN WYK	1,000		1,000
ONLAB	2,394		2,394
HOUSE OF CARPETS	230		230
CALVIN HENDRICKS	800		800
CASSY'S COMPUTERS	330		330
McCARTHY FLEET SOLUTIONS	7,695		7,695
HOP-IN	6,162		6,162
SUIDKAAP DRUKKERY T/A SUIDERPERS	630		630
OVERBERG AGRI	342		342
BLUE BIRD MEDIA	3,040		3,040
BLUE BIRD MEDIA	2,900		2,900
BLUE BIRD MEDIA	2,140		2,140
SUIDERNUUS	2,162		2,162
GRAPEVINE INTERACTIVE	599		599
HANDY MAN	556		556
BLOCH SUPERMARKET	9,423		9,423
HOP-IN	9,736		9,736

HOP-IN	6,422		6,422
WUOD KLIP CC	15,504		15,504
OVERBERG AGRI	423		423
BREDASDORP DIEREKLINIEK	1,678		1,678
CAPRICHEM	26,487		26,487
M.WALBRUGH	3,200		3,200
VAN DER WALT STOFFERDERS	2,685		2,685
PREMIUM COMPUTERS	14,336		14,336
WESTERN CAPE TRANSFORMER	14,820		14,820
SSE CAPE	19,562		19,562
GW TRAUTMANN		83,772	83,772
HOP IN	5,628		5,628
PJ TECHNOLOGIES	26,918		26,918
600CT MANUFACTURING	13,930		13,930
S.COETZEE	500		500
CLOVERLEIGH GUEST HOUSE	100		100
G STEYN	2,188		2,188
LEXIS NEXUS	1,263		1,263
HOP IN	1,142		1,142
ANINE VAN WYK	1,000		1,000
SIPHO KEKZWA	338		338
M RIX T/A MR MATWASDIENSTE	850		850
MOZARTS	316		316
ERLEIGH & ASSOCIATES	2,280		2,280
DE GROENE KAT	96		96
OJ PLANTHIRE	1,197		1,197
KODAK	600		600
PREMIUM COMPUTERS	550		550
IT SOLUTIONS	308		308
ROUTE 316	559		559
ANTOINETTE EVENTS	123		123
ISAT	549		549
BROOKE PATRICK PUBLICATIONS	1,580		1,580
P BROOKS	1,600		1,600
STRUISBAAI STATIONERS	24		24
BLOCH SUPERMARKET	8,110		8,110
LEXIS NEXIS	467		467
INSTAP MINIMARK	103		103
BLOCH SUPERMARKET	246		246
STRUISBAAI STATIONERS	141		141
BREDASDORP NURSERY	2,700		2,700
DE GROENE KAT	150		150
JUTA	1,114		1,114
LEXIS NEXIS	1,771		1,771
AGAPE	980		980
OVERBERG AGRI	342		342
WINSTON	330		330
TROIKA TRADING T/A FERRO BRAKE	4,698		4,698
HOP IN	131		131
M LOUJW	537		537
J V/D WATT	382		382
J.LEKAY	573		573
T AHRENDIS	573		573
S MKAPHENI	573		573
D OCTOBER	573		573
L V/D WATT	573		573
L FRANSMAN	573		573
AF HAVERCROFT	986		986

SIPHO KEKEZWA	1,647		1,647
HOP IN	1,654		1,654
FORMS MEDIA	5,511		5,511
CHERRY DE BEER OPTOMETRIST	296		296
LEXIS NEXIS	1,186		1,186
OVERBERG AGRI	239		239
PRICE CLUB	502		502
GRAPEVINE INTERACTIVE	2,120		2,120
L'AGULHAS KAFEE	232		232
BREDASDORP SQUARE	450		450
AC MEMORIES	860		860
BREDASDORP SQUARE	500		500
BREDASDORP SQUARE	300		300
L'AGULHAS KAFEE	210		210
SUIDPUNT EXHAUST	300		300
PIETER SCHOLTZ	300		300
MOZART'S	180		180
BLUE BIRD MEDIA	1,850		1,850
ED CONSTRUCTION	15,010		15,010
DE GROENE KAT	234		234
PRICE CLUB	178		178
NAPIER SLAGTERY	144		144
BLUE BIRD MEDIA	4,140		4,140
OVERBERG AGRI	258		258
MOZART'S	152		152
ARCADIA HOTEL	1,592		1,592
OVERBERG AGRI	684		684
DE GROENE KAT	300		300
PRICE CLUB	10,000		10,000
H&H ELECTRICAL	1,750		1,750
HOP-IN	1,010		1,010
PACK TOWN	1,000		1,000
ANTOINETTE EVENTS	800		800
ESTELLE AHREND'S	600		600
V.VALENTINE	13,900		13,900
JEAN MAARMAN	1,910		1,910
SAVERS LANE	123		123
VARSMARK	1,500		1,500
SPAR	1,164		1,164
HOP-IN	767		767
S KEKEZWA	1,136		1,136
AC VAN WYK	1,000		1,000
S KEKEZWA	158		158
ARCADIA HOTEL	796		796
ARCADIA TOURS & TRANSFERS	1,200		1,200
HARVEY WORLD TRAVEL	2,613		2,613
CAPE AGULHAS CIVILS		156,864	156,864
OVERBERG AGRI NAPIER	275		275
HSM	7,006		7,006
OCEAN SEVEN BAND	1,500		1,500
MJ MICHELS	800		800
MICRON ENGINEERING	2,256		2,256
PICK A BARGAIN	1,210		1,210
WINSTON FLOWERS	150		150
CASSEYS COMPUTERS	460		460
NESAS CASH STORE	192		192
ROYAL CAFÉ	340		340
JACKIE'S TUISGEBAK	1,300		1,300



FALCON PRESS	7,273	7,273
DS DU TOIT	13,060	13,060
BLAZEPOINT T/A OJ PLANTHIRE	627	627
OVERBERG AGRI	1,710	1,710
WUOD KLIP	1,120	1,120
OVERBERG SEKURITEIT	700	700
METSY MOTORS	1,444	1,444
OVERBERG LOCKSMITHS	1,875	1,875
H.JACOBS	2,550	2,550
FG UNIFORMS	10,864	10,864
LIVINGSTONS RESTAURANT	618	618
OVERBERG AGRI	80	80
AH MARAIS	372	372
HANDYMAN	12,075	12,075
WOOLFS TROPHY WORLD	1,710	1,710
TIRZAH'S SELF CATERING	1,500	1,500
HOP IN FAMILY MARKET	2,000	2,000
R HOPLEY T/A HOP IN VERVOER	1,100	1,100
LAKEY VERVOER	160	160
PAUL VAN WYK	2,000	2,000
AGAPE	1,500	1,500
NAPIER SPORTFORUM	500	500
PRICE CLUB	2,100	2,100
OK MINI MARK NAPIER	940	940
JULIANS TRANSPORT	1,000	1,000
SALFREDS BUSDIENS	1,000	1,000
A BARLOW	1,200	1,200
TIENIE'S VERVOER	550	550
MTN	265	265
WINSTON FLOWERS	165	165
DE GROENE KAT	110	110
WINSTON FLOWERS	165	165
N VALENTINE	650	650
BLUE CRANE COURIERS	250	250
WINSTON FLOWERS	165	165
ISAT	549	549
PREMIUM COMPUTERS	120	120
BLOCH SUPERMARKET	8,977	8,977
DU TOIT DIENSSENTRUM	5,192	5,192
ED CONSTRUCTION	10,000	10,000
MRS LOWE (FUNKY FISH)	145	145
BREDASDORP SQUARE	150	150
MOZARTS	258	258
BLOCH SUPERMARKET	1,152	1,152
BLOCH SUPERMARKET	185	185
HUIS KLIPPE DRIFT	798	798
BLOCH SUPERMARKET	123	123
BREDASDORP PROP. PROTECTION	8,092	8,092
FUNKY FISH	145	145
PRICE CLUB	22	22
BREDASDORP DIEREKLINIEK	1,965	1,965
LABOUR GUIDE	9,160	9,160
OVERBERG AGRI	580	580
OVERBERG AGRI	718	718
OVERBERG AGRI	153	153
OVERBERG AGRI	800	800
MOZART'S	227	227
BREDASDORP SQUARE	500	500

BREDASDORP SQUARE	700	700
R ADAMS	143	143
TELKOM	5,471	5,471
B MAKABA	332	332
V VALENTINE	28,500	28,500
CAM T/A BREDASDORP TOYOTA	1,496	1,496
ACTEBIS T/A ELS BOUERS	10,501	10,501
HANDYMAN MS MUNRO	5,844	5,844
SUIDPUNT GAS	11,873	11,873
J DANIELS	170	170
MAXIME'S RESTAURANT	620	620
PAPILLON PRESS & CONSULTANCY	2,350	2,350
AAD TRUCK	7,611	7,611
BREDASDORP SQUARE	250	250
PREMIUM COMPUTERS	600	600
BREDASDORP SQUARE	250	250
LABOUR GUIDE	2,580	2,580
BEDROSE INVESTMENTS	5,000	5,000
SUIDPUNT BESIGHEIDS TRUST	4,005	4,005
BREDASDORP SQUARE	150	150
WINSTON	165	165
NEEDPRO TRADING	5,700	5,700
SUIDERPERS	2,175	2,175
OVERBERG AGRI	3,969	3,969
LOUW'S LOODGIETERS	564	564
LOUW'S LOODGIETERS	263	263
LOUW'S LOODGIETERS	1,892	1,892
LOUW'S LOODGIETERS	986	986
LOUW'S LOODGIETERS	524	524
LOUW'S LOODGIETERS	621	621
LOUW'S LOODGIETERS	228	228
LOUW'S LOODGIETERS	1,296	1,296
LOUW'S LOODGIETERS	493	493
LOUW'S LOODGIETERS	744	744
LOUW'S LOODGIETERS	638	638
OVERBERG AGRI	212	212
LOUW'S LOODGIETERS	1,040	1,040
LOUW'S LOODGIETERS	748	748
LOUW'S LOODGIETERS	895	895
A COLLER	2,000	2,000
OVERBERG AGRI	441	441
ANINE VAN WYK	1,000	1,000
BREDASDORP SQUARE	210	210
JUTA	281	281
AJ'S BANDE	1,021	1,021
BREDASDORP SQUARE	600	600
H S M	6,237	6,237
MOZARTS	146	146
OVERBERG AGRI	14,900	14,900
BREDASDORP SQUARE	250	250
PREMIUM COMPUTERS	180	180
PREMIUM COMPUTERS	5,946	5,946
OVERBERG AGRI	398	398
MOZARTS	165	165
V VALENTINE	28,500	28,500
NAPIER GROCER	925	925
BABALWA STOFIE	3,200	3,200
LAWNMOWER & CHAINSAW CLINIC	57	57

OVERBERG ENGINEERING	182		182
CAR BOAT & TRUCK	302		302
BH HARDEWARE	395		395
KAAP AGULHAS TOERISME		45,000	45,000
PRICECLUB	173		173
LOUWS LOODGIETERS	21,403		21,403
KANTOOR V/D LANDMETER-GENERAAL	430		430
OVERBERG AGRI	133		133
SUIDPUNT SEKURITEIT	1,231		1,231
V VALENTINE	10,973		10,973
CALTEST	6,192		6,192
CONLOG	13,263		13,263
ED CONSTRUCTION	1,215		1,215
JEAN MAARMAN	875		875
STRUISBAAI BRICK & PAVE		149,996	149,996
OJ PLANTHIRE	2,743		2,743
PREMIUM COMPUTERS	665		665
LAWNMOWER & CHAINSAW CLINIC	43		43
P&B LIMeworks	3,420		3,420
BLOCH SUPERMARKET	6,085		6,085
SIMONS ELEC	780		780
SUIDERPERS	55		55
BREDASDORP SQUARE	350		350
OVERBERG APPLIANCES	130		130
SUIDERNUUS	963		963
OVERBERG AGRI	719		719
SPAR	200		200
BREDASDORP SQUARE	250		250
MRS MARY-ANN LOWE	192		192
PRICECLUB	42		42
SUIDERNUUS	786		786
SUIDERNUUS	183		183
SUIDERNUUS	688		688
B BOVETON	250		250
BREDASDORP SQUARE	370		370
SUIDERPERS	1,179		1,179
J A HOPLEY	1,200		1,200
AYANDA MBANGA COMMUNICATIONS	8,113		8,113
CALTEST	5,390		5,390
SUIDEROORD TEHUIS	1,125		1,125
SUIDERNUUS	590		590
BURB OCS	15,000		15,000
SAIAT	4,800		4,800
V&V CONSULTING ENG	21,155		21,155
MAT OVERBERG RETAILERS	3,028		3,028
AAD NISSAN	4,731		4,731
MAT OVERBERG RETAILERS	643		643
BREDASDORP SQUARE	1,250		1,250
TUNICA TRADING	2,043		2,043
AH MARAIS & SEUNS	241		241
AAD TRUCK & BUS	7,247		7,247
PENTA DRAAD CC		89,170	89,170
ADO	2,565		2,565
MUBESKO AFRICA		98,382	98,382
H&H ELECTRICAL	660		660
AH MARAIS & SEUNS	2,228		2,228
AH MARAIS & SEUNS	1,211		1,211
DU PLESSIS 2 WAY RADIOS	815		815

OVERBERG AGRI	234		234
BREDASDORP SQUARE	210		210
MOZARTS	436		436
AGAPE	1,550		1,550
BREDASDORP SQUARE	250		250
DE GROENEKAT	180		180
MOZARTS	297		297
ANINE VAN WYK	1,000		1,000
NAPIER GROCER TA OK MINIMARK NAPIER	452		452
MICROMATH TRADING 10CC T/A THE ST. GEORGES HOTEL	949		949
GERT ADAMS	12,000		12,000
OVERBERG AGRI	390		390
CITY LODGE PINELANDS	2,755		2,755
BLOCH SUPERMARKET	8,521		8,521
BLICK SA	2,776		2,776
PRICECLUB	42		42
MOZARTS	2,560		2,560
BLOCH SUPERMARKET	292		292
OVERBERG AGRI	448		448
AUSTRATECH CC	5,130		5,130
MIDAS BREDASDORP	110		110
TRICOM AFRICA	14,058		14,058
DE BEERS CABINET & CARPENTERS	3,460		3,460
LUTTIG & SEUN	6,555		6,555
BREDASDORP SQUARE	960		960
ROUTE 316	17,250		17,250
TRANSTECH	822		822
RGS	7,345		7,345
BREDASDORP APTEEK	194		194
BYTES TECHNOLOGY GROUP	25,736		25,736
BREDASDPORP DIEREKLINIEK	1,590		1,590
MOZARTS	185		185
MOZARTS	110		110
DE GROENEKAT	396		396
BREDASDORP SQUARE	75		75
JAV AGENCIES	86		86
OVERBERG AGRI	2,358		2,358
BUILT IT	110		110
JULIAN'S	433		433
AGAPE	1,500		1,500
J HOPLEY	2,000		2,000
MOZARTS	297		297
AH MARAIS & SEUNS	427		427
OVERBERG AGRI	553		553
SUIDPUNT BETONMURE H/A BREDASDORP BETONMURE	7,430		7,430
B&M GARAGE		54,855	54,855
GRAPEVINE INTERACTIVE	3,967		3,967
BLOCH SUPERMARKET	250		250
WINSTON FLOWERS	150		150
CITY LODGE PINELANDS	2,755		2,755
OVERBERG AGRI	135		135
BLUE BIRD MEDIA	1,400		1,400
BLUE BIRD MEDIA	1,400		1,400
FLAMES GRILL & PUB	384		384
PREMIUM COMPUTERS	8,117		8,117
BARLOW WORLD	2,267		2,267
OVERBERG AGRI	716		716
OVERBERG APPLIANCES	125		125

MOZARTS	274	274
MOZART'S	320	320
PRICECLUB	141	141
C DE BEER	980	980
OVERBERG AGRI	1,904	1,904
GOEIE HOOP SLAGHUIS	200	200
OVERBERG LOCKSMITH	400	400
PREMIUM COMPUTERS	685	685
WINSTON FLOWERS	150	150
DE GROENEKAT	280	280
BREDASDORP SQUARE	660	660
NEEDPRO	7,125	7,125
OVERBERG LOCKSMITH	330	330
B&M GARAGE	131	131
ANINE VAN WYK	1,000	1,000
OVERBERG LOCKSMITH	724	724
BREDASDORP SQUARE	200	200
SUIDPUNT GAS	211	211
ANSA	150	150
E PLAATJIES	1,900	1,900
WINSTON FLOWERS	165	165
BLOCH SUPERMARKET	6,530	6,530
UNIVERSITEIT STELLENBOSCH	9,200	9,200
C FISCHER	200	200
STAR SIGNS	51	51
AAD TRUCK& BUS	4,290	4,290
STEVEN ALIAS WELDNET	3,200	3,200
FORMS INDEPENDENT	2,304	2,304
OVERBERG AGRI	436	436
BREDASDORP SQUARE	150	150
MUBESKO AFRICA	20,748	20,748
AH MARAIS & SEUN	119	119
PRICE CLUB	1,738	1,738
GERT ADAMS	12,000	12,000
BUILT IT	4,956	4,956
NAPIER GROCER	113	113
PRICE CLUB	79	79
MOZART'S COFFEE SHOP	67	67
MOZART'S COFFEE SHOP	74	74
BREDASDORP VERWE & DÉCOR	809	809
BLOCH SUPERMARKET	36	36
ANSA'S	150	150
DE GROENE KAT	593	593
FG UNIFORMS	4,440	4,440
OVERBERG AGRI	58	58
BREDASDORP SQUARE	80	80
BLOCH SUPERMARKET	28	28
BLOCH SUPERMARKET	28	28
TROIKA TRADING	2,726	2,726
AGAPE TUISNYWERHEID	1,350	1,350
BREDASDORP SQUARE	800	800
MOZART'S COFFEE SHOP	150	150
VOLTEX	423	423
OVERBERG AGRI	254	254
BREDASDORP DIERE KLINIEK	1,859	1,859
C HOEFTMAN	750	750
BREDASDORP SQUARE	625	625
BLUE BAY LODGE	3,000	3,000

OVERBERG AGRI	366	366
LOUW'S LOODGIETERS	3,067	3,067
MOZART'S COFFEE SHOP	112	112
L'AGULHAS KAFEE	134	134
THE COURTYARD	21,888	21,888
BLOCH SUPERMARKET	38	38
BENLIEKOR	220	220
BREDASDORP SQUARE	696	696
MOZARTS COFFEE SHOP	215	215
DE GROENE KAT	1	1
WAM TECHNOLOGY CC	28,594	28,594
PREMIUM COMPUTERS	910	910
TOOLS 4 HIRE	1,608	1,608
WALTONS	4,414	4,414
FORMS MEDIA INDEPENDENT	2,873	2,873
CSE	2,718	2,718
PROPARTRIA	5,100	5,100
L JACOBS	10,000	10,000
B ESAU T/A ER TILING	2,000	2,000
ANINE VAN WYK	1,000	1,000
D PETERSEN	1,260	1,260
OVERBERG AGRI	1,974	1,974
COMPACTION & INDUSTRIAL	4,053	4,053
WINSTON	150	150
BREDASDORP SQUARE	225	225
BREDASDORP SQUARE	200	200
PRICECLUB	191	191
BREDASDORP SQUARE	200	200
ODS CONSULTING	24,145	24,145
GRAPEVINE INTERACTIVE	3,967	3,967
DE GROENE KAT	200	200
LJA INVESTMENT	3,220	3,220
HARVEY WORLD TRAVEL	7,570	7,570
SAMRO	478	478
PRICE CLUB	4,602	4,602
BREDASDORP VERWE & DÉCOR	347	347
H&H ELECTRICAL	513	513
BREDASDORP SQUARE	200	200
WINSTON FLOWERS	380	380
OVERBERG AGRI	139	139
BREDASDORP PROPERTY PROTECTION T/A OVERBERG SECURITY	1,620	1,620
MOZARTS	295	295
JOSCO SERVICES	161	161
TOMMY BRUMMER CC	2,394	2,394
STRUISBAAI BANDE	249	249
PRICE CLUB	44	44
M LOWE	299	299
KATANGA	780	780
THE ARNISTON SPA HOTEL	250	250
S KEKEZWA	88	88
BREDASDORP BANDEDIENS	190	190
CITY LODGE PINELANDS	4,591	4,591
OVERBERG APPLIANCES	130	130
FASTLIFT RIGGING	5,029	5,029
STRUISBAAI BANDE	110	110
JEAN MAARMAN	500	500
MOZART'S COFFEE	222	222
MUBESKO		
	69,654	69,654

MOZART'S COFFEE	165	165
BLOCH SUPERMARKET	544	544
NAPIER GROCER	387	387
AAD NISSAN	2,704	2,704
CSE	1,268	1,268
JA HOPLEY	1,395	1,395
BREDASDORP SQUARE	3,140	3,140
OVERBERG AGRI	140	140
BREDASDORP SQUARE	959	959
HOTAGTER KLIP PADSTAL	420	420
JEAN MAARMAN	300	300
PRICE CLUB	70	70
OVERBERG AGRI	317	317
600 CT	6,125	6,125
OVERBERG AGRI	140	140
L'AGULHAS KAFEE	107	107
PLAN ACTIVE	4,446	4,446
BREDASDORP BANDEDIENS	1,764	1,764
STRUISBAAI BANDE	205	205
CPMD	25,000	25,000
N.W CARSTENS	3,000	3,000
STRUISBAAI BANDE	775	775
P EVERSON	451	451
M WALBRUGH	3,350	3,350
OVERBERG AGRI	364	364
ART ATTACK	254	254
BREDASDORP SQUARE	375	375
BLOCH SUPERMARKET	7,924	7,924
M WALBRUGH	600	600
OVERBERG AGRI	387	387
D GROENEWALD	58	58
WALTONS	8,912	8,912
SUIDPUNT SEKURITEIT	2,016	2,016
ATLAS PLASTICS	24,053	24,053
N&M BAKWERKE	684	684
SOUTHERN TRADING	900	900
AAD NISSAN	3,135	3,135
BLOCH SUPERMARK	1,092	1,092
SPAR	124	124
PROTEA HOTEL CUMBERLAND	3,596	3,596
S.WIESE	350	350
S.WIESE	3,319	3,319
ROUTE 316	13,000	13,000
AL ABBOTT	3,405	3,405
WALTONS	5,361	5,361
BREDASDORP SQUARE	415	415
MOSS CATS PROPERTY HOLDINGS PTY	1,190	1,190
TCS	27,759	27,759
J TITUS	500	500
CJ SEPTEMBER	250	250
M COERT	250	250
MASITHETHE LANGUAGE SERVICES	6,023	6,023
LEXIS NEXIS	357	357
LEXIS NEXIS	602	602
IMQS	3,648	3,648
SUIDPUNT BESIGHEIDSTRUST	2,923	2,923
SUIDPUNT BESIGHEIDSTRUST	24,351	24,351
BREDASDORP DIERE KLINIEK	2,030	2,030

STRUISBAAI BANDE	62	62
BREDASDORP APTEEK	426	426
BREDASDOPR BANDEDIENS	32	32
AYANDA MBANGA	5,409	5,409
NAPIER BANDE	75	75
600 CT	17,535	17,535
BREDASDORP BANDEDIENS	910	910
LEXIS NEXIS	1,778	1,778
AJ BANDE DIENS	1,064	1,064
BLAIZE POINT	2,622	2,622
A VAN WYK	1,000	1,000
SHAHIDA HAMMER	500	500
CROSS ODENDAAL AUTO ELECT	2,890	2,890
FASTLIFT	4,467	4,467
DIE KOMBUISKAS	3,450	3,450
RJ HEUNIS	24,633	24,633
LAWNMOWER & CHAINSAW CLINIC	450	450
LAWNMOWER & CHAINSAW CLINIC	110	110
BREDASDORP BANDEDIENS	81	81
AUSTRATECH	1,072	1,072
S KEKEZWA	421	421
DE GROENE KAT	300	300
WINSTON	660	660
BREDASDORP SQUARE	250	250
PRICECLUB	165	165
CHILD WELVARE SA	800	800
SPAR	593	593
SPAR	154	154
AYANDA MBANGA	4,732	4,732
DE HEIDE PRIMERE SKOOL	500	500
LEXIS NEXIS	235	235
INSTITUUT VIR BLINDES	26,357	26,357
SPAR	323	323
HI Q BANDE	140	140
SPAR	769	769
UELCO	17,100	17,100
AGAPE	1,350	1,350
STRUISBAAI BANDE	110	110
SPAR	282	282
LOUDA CIVILS	17,140	17,140
GRAPEVINE	3,967	3,967
FULL MOON TRADING	865	865
SPAR	1,043	1,043
HI Q BANDE	262	262
HI Q BANDE	51	51
HARVEY TRAVEL	7,505	7,505
SPAR	387	387
NICK'S MOBILE AUTO ELEC	2,861	2,861
PRO ACTIVE	8,690	8,690
PRICE CLUB	222	222
NAPIER GROCER	498	498
V VALENTINE	2,500	2,500
PHS CONSULTING	12,540	12,540
ODS CONSULTANTS	25,080	25,080
SUIDPUNT SEKURITEIT	902	902
PEPSTORES	1,885	1,885
F ANTA	6,000	6,000
OCS	6,000	6,000



SPAR	326	326
DIGITAL VOICE PROCESSING	6,584	6,584
BLUE CRANE	195	195
BESTER PROKUREURS	3,420	3,420
OK GROCER	128	128
DIE HERBERG	11,419	11,419
BLOCH SUPERMARKETS	220	220
NICK'S MOBILE AUTO ELEC	76	76
BLOCH SUPERMARKETS	6,103	6,103
NAPIER BANDE	75	75
HI-Q BANDE	140	140
PRICE CLUB	1,050	1,050
WOUD KLIP	1,932	1,932
SPAR	137	137
L'AGULHAS CAFÉ	241	241
BREDASDORP DIEREKLINIEK	1,330	1,330
AYANDA MBANGA	4,056	4,056
SPAR	659	659
PACK TOWN	206	206
SPAR	1,752	1,752
ROLA MOTORS	1,481	1,481
GENE LOUW TRAFFIC COLLEGE	10,045	10,045
BREDASDORP SQUARE	10,200	10,200
JUTA	181	181
MOZARTS	245	245
FIRLANE GUESTHOUSE	1,700	1,700
HI-Q BANDE	51	51
ARTHUR CARELSE	2,040	2,040
JASON SIMONS	600	600
UNISA	942	942
AGRI POST	1,596	1,596
TOWN & COUNTRY	7,410	7,410
NICK'S MOBILE AUTO ELEC	1,982	1,982
SPAR	366	366
JUTA	225	225
JUTA	434	434
BREDASDORP SQUARE	90	90
BREDASDORP SQUARE	390	390
PACK TOWN	206	206
SPAR	1,652	1,652
NICK'S MOBILE AUTO ELEC	1,227	1,227
BLOCH SUPERMARKETS	369	369
KRITZINGER & CO	7,068	7,068
MOZARTS	919	919
KING'S MOBILE	47	47
PACK TOWN	206	206
SPAR	444	444
BREDASDORP APTEEK	138	138
BLAIZERPOINT	698	698
L JACOBS	10,000	10,000
JUTA	295	295
SIPHO KEKEZWA	599	599
NICK'S MOBILE AUTO ELEC	1,040	1,040
HI Q	1,465	1,465
CITY LODGE OR TAMBO AIRPORT	2,252	2,252
SPAR	250	250
ANINE VAN WYK	1,000	1,000
WINSTON	185	185

J HENDRICKS	250		250
G JANTJIES	250		250
KODAK	339		339
SPAR	210		210
P AVONTUUR	250		250
V PLAATJIES	250		250
L MANXEBA	250		250
TORQUE TECHNICAL COMPUTER TRAINING	7,966		7,966
M COERT	250		250
FG UNIFORMS	3,054		3,054
SPAR	241		241
LEXIS NEXIS	620		620
LEXIS NEXIS	318		318
LEXIS NEXIS	368		368
GRAPEVINE INTERACTIVE	11,491		11,491
A DAVIDS	250		250
WOOLF'S TROPHY WORLD	4,459		4,459
BREDASDORP DRIVING SCHOOL	11,900		11,900
F ANTA	1,500		1,500
HOP IN FAMILY MARKET	137		137
LP GRAPHICS	4,464		4,464
DR AW ODENDAL	701		701
BREDASDORP PROPERTY PROTECTION		30,600	30,600
PUMPCOR		47,287	47,287
V&V CONSULTING ENGINEERS		36,833	36,833
CONCRETE UNITS		31,409	31,409
MUBESKO AFRICA		62,397	62,397
HOP IN FAMILY MARKET		31,145	31,145
KNOWLEDGE BASE		31,190	31,190
NATIONAL SEA-AND-SAND INSTITUTE		71,400	71,400
OVERBERG AGRI		36,480	36,480
HOUSE OF CARPETS		52,728	52,728
HOP-IN		32,261	32,261
TRANSTECH		64,437	64,437
CALTEST		48,971	48,971
PUMPCOR		32,809	32,809
KRITZINGER + CO		67,089	67,089
600CT MANUFACTURING	13,930		13,930
KRITZIGER & CO		180,804	180,804
TCS		30,039	30,039
TUNICA TRADING T/A DE HOOP OPSTAL		40,563	40,563
CTM HERMANUS		84,894	84,894
V&V CONSULTING ENGINEERS		157,752	157,752
SUIDPUNT BESIGHEIDS TRUST		31,494	31,494
SRK CONSULTING		104,533	104,533
AURECON			228,000
NATIONAL SEA & SAND INSTITUTE		40,800	40,800
BOVIDIDAE INVESTMENTS		38,800	38,800
PENTA DRAAD		65,299	65,299
V&V CONSULTING ENGINEERS		74,706	74,706
KRITZINGER & CO		30,096	30,096
KZN OILS PTY LTD		55,710	55,710
V&V CONSULTING ENGINEERS		35,820	35,820
INCLEDON		44,221	44,221
CPMD		45,500	45,500
ERIDEO CONSTRUCTION		55,290	55,290
V&V CONSULTING ENGINEERS		38,297	38,297
WESTERN CAPE TRANSFORMERS		32,946	32,946

GLS		112,824		112,824
DIEDERICKS CONSTRUCTION		39,500		39,500
V&V CONSULTING ENGINEERS		36,609		36,609
CAPE LOWLANDS ENVIROMENTAL SERVICES		45,600		45,600
V&V CONSULTING ENGINEERS		63,564		63,564
IGNITE		75,295		75,295
	2,165,929	3,474,937	228,000	5,868,866